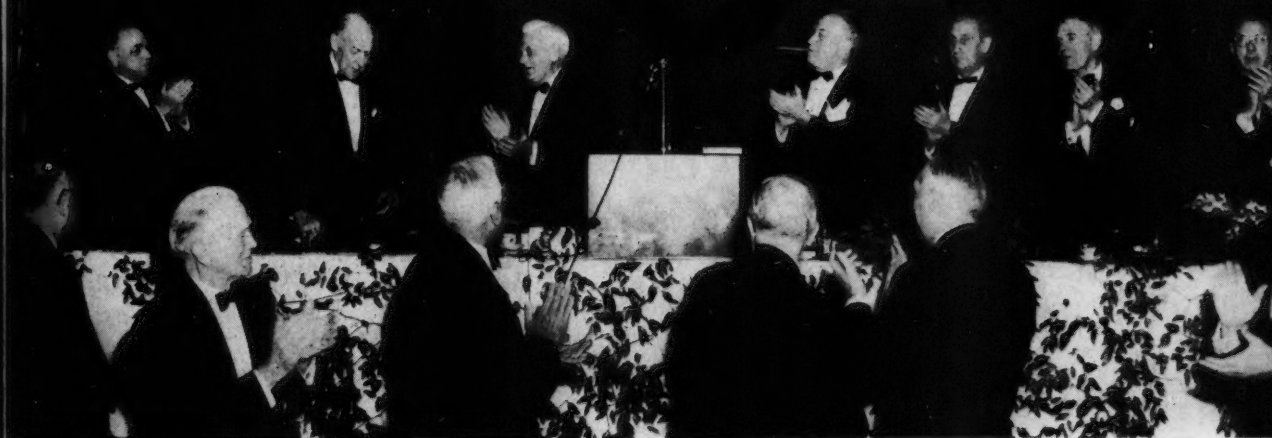


BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

MARCH 1956

Old Queens



The Graduate School's 20th Anniversary (pages 3 and 126)

\$82,000,000 for Bank Advertising This Year (page 68)

Save Money by Proper Retention of Bank Records (page 94)



Daddy won't be with them... ever
but a progressive bank saved their home!

Yes, it takes more than a big chair to keep little children safe.

Progressive banks throughout the country are helping to secure the future for America's children with Federal's Mortgage Redemption Plan.

It protects you and your customers . . . strengthens your community relations program. Its low, low cost is simply added to the monthly mortgage payment.

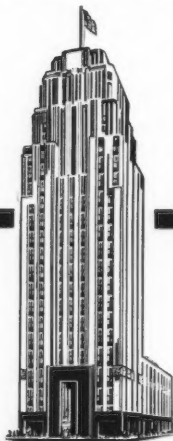
Write Today for complete information about Federal's streamlined Mortgage Redemption Plan.

FEDERAL
LIFE and CASUALTY COMPANY

Federal Offers You:

A Custom Designed Plan based on careful study of your operations
Proven Customer Appeal. Simplified Streamlined Procedure
Complete Flexibility including Health and Accident Coverage
Prompt Service. All Promotional Aids. **HIGHEST RATING**
See Best's and Dunne's For Reasons Why Federal Enjoys
Their Unqualified Recommendation.

**COMPLETE CREDIT LIFE & DISABILITY PLANS ALSO AVAILABLE
FOR YOUR INSTALLMENT LOAN
DEPARTMENT**



**PERSONAL PROTECTION
SINCE 1906**

JOHN H. CARTON
President

HAROLD L. BUCK
Vice President and Manager
Credit Insurance Division

WOLVERINE-FEDERAL TOWER, BATTLE CREEK, MICHIGAN • REGIONAL SERVICE OFFICES FROM COAST TO COAST

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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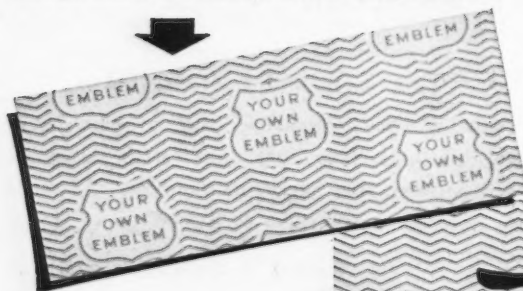
En Garde...

As the duelist warns his opponent by shouting "EN GARDE" seconds before their deadly clash... so Safety Paper also warns that to tamper with a check is to enter a losing duel with the law. And, when your checks are lithographed on La Monte Safety Papers, they flash a double message ... *protection plus quality* ... two important reasons a majority of the nation's leading banks have chosen La Monte Safety Papers for 85 years.



A Check Paper
All Your Own

For maximum protection against alteration or counterfeiting... for positive identification... thousands of banks and corporations have their own emblem incorporated in the Safety Paper made by La Monte.



THE WAVY LINES © ARE
A LA MONTE TRADE-MARK



La Monte

SAFETY PAPER FOR CHECKS

GEORGE LA MONTE & SON, NUTLEY, NEW JERSEY



Ask your lithographer to
show you samples... or we
will gladly send them direct.

Just a Minute

A City Keeps Up to Date

AN article that will be widely read is "Old New Haven's New Look," page 44. Written by no less a person than Mayor Richard C. Lee, it tells how one old city is "building for a better day."

He reports that New Haven, the first planned city in America, is rehabilitating itself physically by means of a broad-gauge program in which bankers, businessmen, municipal officials—indeed, the whole community—are cooperating. The accomplishments are already considerable.

Mayor Lee's story is in two in-

stalments; the second will appear next month.

How About the Bow Tie?

THIS from the gentleman who presides over the news department of Harris Trust and Savings Bank, Chicago:

"Customer service at its height: when the president of a bank gives a customer the shirt off his back. He didn't, really, but he came close.

"It happened in the locker room of one of Chicago's clubs where the gentry of the town were gathered to don their black ties for Rand McNally & Company's centennial



banquet. One of the members showed up with an out-of-town guest in tow, who had forgotten his dinner shirt.

"Kenneth V. Zwiener, president of Harris Trust and Savings Bank, happened to overhear the discussion of this crisis, and volunteered an extra shirt he had along. Not only was the shirt the right size, but the shirtless gent turned out to be a Harris Bank customer. The customer went

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

THIS MONTH'S COVER

Dr. Harold Stonier, founder and now dean of The Graduate School of Banking, conducted by the American Bankers Association at Rutgers University, receives the applause of G.S.B. men attending the 20th anniversary dinner. Left to right at the speakers' table: Messrs. Burgess, Cocke, Stonier, Hughes, Sparks, Jones, Potts, Reese.

The story is on page 126



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| | |
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BANK TELLERS' MOBILE UNITS

Roll under counter—step on brake—ready for service—
Ideal for new branch offices! Add additional units
as needed! No expensive installation costs!



Model I

2 Cash drawers, 10-compartment removable currency tray, both drawers with P.K. Locks, cupboard with removable shelf, combination lock on door.

12 STOCK MODELS

For your many banking needs

Write today for literature to department B
Bank Equipment

FENCO CORPORATION

121 Seventh Ave.

New York 11, N. Y.

Because we
work
around
the clock...

YOUR
CHECKS
ARE
COLLECTED FASTER



THE NATIONAL CITY
BANK of Cleveland



623 Euclid Ave.

Member Federal Deposit Insurance Corporation



"Now don't say anything to irritate him. He's probably pretty touchy, caged up like that all day!"

away feeling the service of his bank left nothing to be desired, and Ken Zwiener now opines that sometimes loans without collateral can work out pretty well for the bank."

Natural

JIM BAUM, erstwhile A.B.A. deputy manager in charge of the Insurance and Protective Department, who is now in Florida breaking in his new retirement, sends us, via the Miami *Herald*, an A.P. dispatch dated McAlester, Okla.:

"Directors of the National Bank of McAlester feel their new colleague is a natural. They named to board membership Paul T. Million, Jr."

The postcard accompanying the clipping was one of those "surf, sun,

and sand" masterpieces of propaganda which only serve to irritate those who, come Ground Hog Day, are just getting reconciled to another winter in New York.

Jim retired January 1. He and Mrs. B. were in Palm Beach, and planned "to hold this fort if it takes all of February."

A Friendly Tip to Businessmen

IN *Business Week* for January 28 the "Personal Business" page carried a solid boost for bank service.

"There's a good chance that you're not getting your money's worth out of your bank," it said. "Most people don't."

The article mentioned particularly a bank's "special personal business functions—handling estates, giving investment counsel, and the like." Several services, including custody, estate programing, and common trust funds, were outlined briefly.

Automation

AT the Pennsylvania Bankers Association's Bank Operations Clinic in Philadelphia, PBA's president, C. A. Sienkiewicz, told this story:

A man got a statement from his bank and discovered that the debit and credit figures didn't agree. He telephoned the bank and was put in touch with a young lady. She told him not to worry.

"You see," she said, "our reports are prepared by a machine, and since

(CONTINUED ON PAGE 8)

Resources of the Spirit

This is the invocation delivered at the opening of the 37th A.B.A. Mid-Winter Trust Conference in New York by William G. Cleaver, senior vice-president, The First National Bank and Trust Company of New Haven, Conn.:

ETERNAL GOD, whose guidance men have sought through all the ages, we pause, as this conference convenes, to attune our wills with Thine, and to ask that Thou wilt bring to our deliberations and decisions, the wisdom that is from above.

Grant that as we strive to enlarge our knowledge and improve our skills for the conservation of the material wealth entrusted to our care we may be mindful of the need to conserve and deepen within ourselves those resources of the Spirit, without which we cannot achieve the high standard of excellence that should be the goal of our service.

We give Thee thanks for these days of fellowship together. May they be richly blessed so that we may return to our homes with high resolve and expanded horizons, better equipped to carry out the duties of our stewardship, and to have some part in the fulfillment of Thy mighty purpose in the world.



Bell System Teletypewriter Exchange Service Plays New Role in War Against Crime

*Fast, low-cost, two-way communication plan,
developed by Associated Police Communications Officers,
adopted by law enforcement agencies in 30 states.*



Teletypewriter Exchange Service

(TWX) provides direct, two-way communication in writing over telephone lines. As a message or symbol is typed on the teletypewriter or punched on tape, it is simultaneously reproduced on any other machine to which the teletypewriter is connected — near or far.

Fast, dependable, direct communications are a vital part of law enforcement. Detection, capture and conviction frequently depend on the speed with which information is flashed from one place to another.

For some time Teletypewriter Service has been used by police authorities within a number of cities and states.

To extend its many benefits to law enforcement groups in the smaller cities

and towns, the Associated Police Communications Officers devised and recommended a special TWX plan for handling interstate law enforcement messages.

It follows months of careful study and provides for the quick exchange of law enforcement information for both local and state police agencies. Thirty states have already put the plan in operation.

Bell System Teletypewriter Exchange Service is of growing value not only to police but to businesses of many kinds in many sections of the country.

Wherever there is growth and progress there is increasing need for fast, dependable, two-way communications. Teletypewriter Exchange Service, which now serves 38,000 customers, is just one of many helpful, time-saving services provided by Bell telephone companies.

BELL TELEPHONE SYSTEM



(ADVERTISEMENT)

Nation's Financial Editors Explore Bank Town, U.S.A.

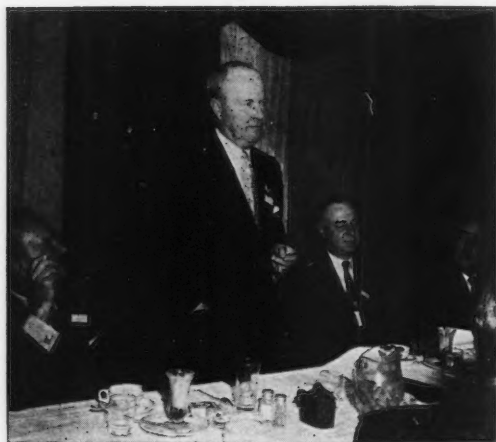
see an entire city as show window of bank design

Twenty of the nation's leading financial magazine editors gathered to inspect the newest ideas and techniques in financial building design at the recent Bank Town, U. S. A. Conference.

J. B. Gander, president of Bank Building Corporation, and top executives of his 400-man organization, took the newsmen on a Show-Me Tour of some of the firm's 35 current projects in St. Louis. With budgets ranging from \$15 thousand to \$6½ million, these include

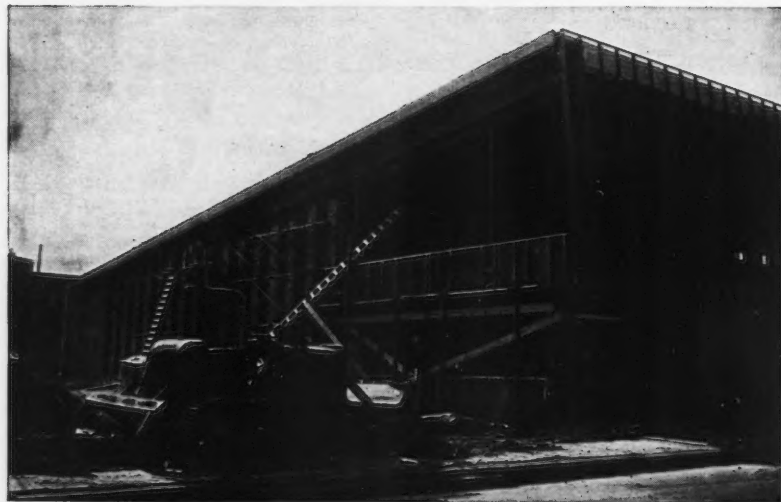
major modernizations, new buildings on new sites, and strikingly unique motor banks.

The company, world's largest of its kind, designs banks throughout America and in foreign countries, has 350 projects under contract at this time. Yet here, in its home town, Gander realized the firm has a "laboratory" of unusually diversified new design ideas, of value to every banker planning new quarters. So he set out to show the editors "Bank Town, U. S. A."



WM. A. McDONNELL, First National President, tells editors the bank sees great future in "beehive heart of St. Louis," has backed up its conviction with \$6½ million modernization and expansion program.

Left to right at table are C. Arthur Hemminger, Vice President of First National; President McDonnell; J. B. Gander and L. J. Orabka, President and Executive Vice President of Bank Building Corporation.



MONEY GOES 'ROUND and 'round—or will when Jefferson Bank and Trust Company is completed. Drive-up banking traffic will circle around teller cycloids detached from main building.

FROM
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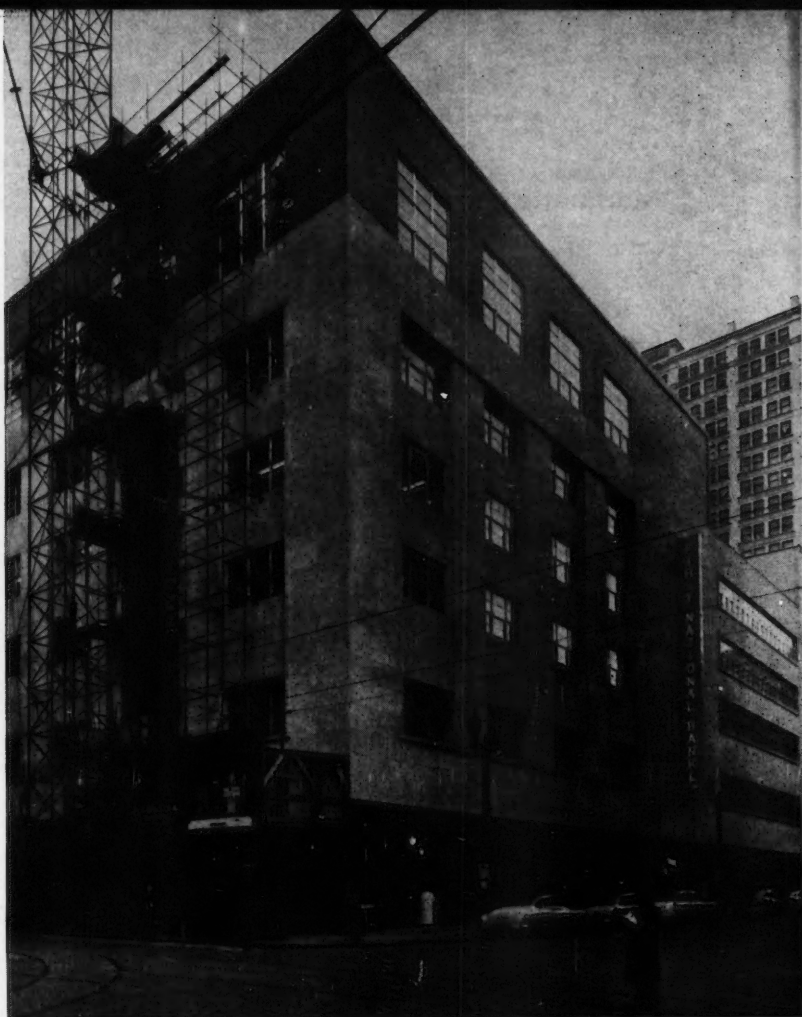
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ADVERTISEMENT)



FROM ALL OVER U. S., editors came to see the projects and talk shop with the owners. Here part of group approaches recently completed American Investment building.



FROM OLD "First National Corner" and adjacent buildings, the designers have created "a whole new block for banking," nearly doubling facilities.

NEW LANDMARK: the American Investment headquarters building (below).



"SUPERMARKET" BANKING as peak hour approaches at startling new motor-age Manchester Bank. Business gains were twice national average during construction.

HEADQUARTERS of Bank Building & Equipment Corporation of America is in St. Louis, 9th and Sidney Streets. Principal offices in:

NEW YORK, 342 Madison Avenue; SAN FRANCISCO, 275 Post St.; CHICAGO, 333 N. Michigan; MIAMI, 5204 W. Flagler; ATLANTA, Western Union Building; DALLAS, Fidelity Union Bldg. Operating outside Continental U. S. as Bank Building Corporation, International. Operating in Mexico as Edificios Para Bancos. Subsidiary: Design, Inc.



410

BANK BUILDING AND EQUIPMENT CORPORATION OF AMERICA
NINTH & SIDNEY STREETS, ST. LOUIS 4, MISSOURI

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BANK _____

CITY AND STATE _____

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Marquette's markets are growing



... and so is
MARQUETTE



Marquette for more than a decade has provided an annual average of 12½ per cent of the portland cement consumed in its marketing areas. It took shipments of only 3½ million barrels to keep pace in 1945, but it took over 12½ million barrels to maintain the pace in our expanded 18-state area in 1955.

This growth with the market has been achieved economically. Since 1945 we've been able to acquire, rehabilitate and increase the construction of four well situated plants at relatively low cost, to consistently expand our other facilities with prudent expenditures, and more recently to start construction of two additional new plants in major markets where demand is proved. Realistic capital investment has brought increased efficiencies and volume—representing the kind of growth that creates corporate strength.

Mark ✓ Marquette as a company to watch for sound growth.

MARQUETTE Cement

ONE OF AMERICA'S MAJOR CEMENT PRODUCERS

Operating eight cement producing plants in Illinois, Iowa, Ohio, Missouri, Tennessee, Mississippi and Georgia—and two more on the way

ANNUAL CAPACITY 13,600,000 barrels
—and some 3,000,000 additional barrels on the way

MARQUETTE CEMENT MANUFACTURING CO. • 20 N. WACKER DRIVE • CHICAGO 6, ILL.

Some married couples don't get along because they have nothing in common to quarrel about.

A good many political candidates are going to try to make hay by offering to help the farmer.

It's almost impossible for a politician to be right without being too unpopular to be elected.

You can live a quiet life just by living inside your income.

Some persons find a shortage of cash annoying, and some don't buy on the instalment plan.

There is some movement from the farm to the city, but most of it is at 60 miles per hour.

(CONTINUED FROM PAGE 4)
the machine cannot divide by 12 it multiplies by 8, so naturally there is bound to be a little discrepancy."

Taken aback, the customer suggested that maybe the machine should be scrapped.

"Oh, no!" protested the young lady. "We are so used to these machines around here that most of us couldn't divide by 2."

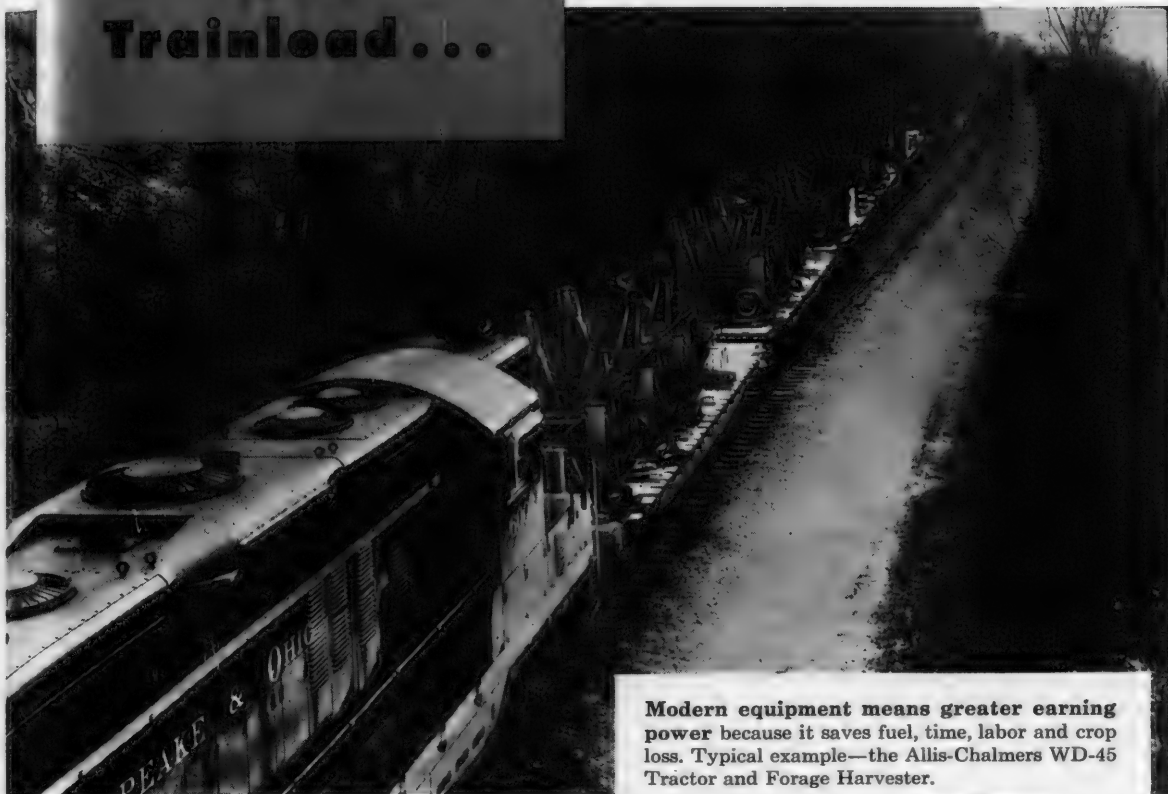
Salute!

An editorial in the *Albany (Ga.) Herald* reminded readers that "a noteworthy example" of the city's economic progress in the postwar years was the Bank of Albany. Citing the bank's 1955 deposit gain of (CONTINUED ON PAGE 11)

"What sort of a day did you have, dear?"



Better Farming BY THE Trainload...



Modern equipment means greater earning power because it saves fuel, time, labor and crop loss. Typical example—the Allis-Chalmers WD-45 Tractor and Forage Harvester.

to keep 1956 Agriculture on a sound business basis

During January and early February, trainloads like this of Allis-Chalmers harvesting machines and farm tractors were moving into major farming areas. These shipments—totaling hundreds of carloads—are a dramatic demonstration of confidence in the future of farming.

This confidence for 1956 is firmly based. Recent changes in the business of farming have brought a great new need for the latest in power machinery designed to save labor and cut costs.

Farms are getting larger. Census reports for 1954 show an average size farm, nationwide, of 242 acres... up 70 acres per farm since 1940. In addition, many farms have more livestock, and there's a growing need for increased diversification of crops.

These trainload shipments are enabling Allis-Chalmers



dealers to help more of their farm customers re-tool for the same kind of timesaving, cost-cutting efficiency found in the most modern factory operations.

Allis-Chalmers is firmly convinced that wider use of modern equipment is the answer to better, more profitable farming in 1956.

ALLIS-CHALMERS, FARM EQUIPMENT DIVISION, MILWAUKEE 1, WISCONSIN

ALLIS-CHALMERS





New Shoes!

Americans are the best-shod people in the world. Read how banks help.

About six months ago the "Mary Janes" above were the flanks of a Hereford calf.

To ready them for a party took the combined resources of tanners, manufacturers, retailers and a whole squad of bankers.

What banks do

Before it's fitted snugly to your foot, a shoe is well-heeled with bank loans. The reason why goes briefly like this. The tremendous ingenuity developed by American shoe manufacturers is largely channeled into making an almost unlimited selection of rugged, inexpensive shoes. This requires mass production. Mass production requires ready money, and bank loans are one good way to meet that requirement.

Bank loans help tanners buy up hides and process them. Bank loans, in turn, help shoe manufacturers stockpile great quantities and varieties of leather. They frequently free working capital for factory expansion and experimentation with new types of footwear. In the retail area, bank loans often help finance shoe store construction. Finally they help your dealer stock a shoe style and a size for practically every man, woman and child.

Working money

As you can see, bank help to the shoe industry means better fitting, more sturdy shoes for you. But it means more than that.

Bank help to the shoe business, or any other successful home-grown enterprise,

means that competitive banking has put the community's idle funds to work. It follows that money at work means jobs for men and women, profits for investors and enterprising manufacturers... and a high standard of living for Americans. The Chase Manhattan Bank of New York, a leader in loans to American industry, is proud of the contribution banking has made and is making to the progress of our country.

**THE
CHASE
MANHATTAN
BANK**

(MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION)

(One of a series of advertisements appearing in New York City newspapers)



"Congratulations, Milton. This is the earliest you've been late!"

(CONTINUED FROM PAGE 8)

\$2,436,000, the newspaper continued:

"Figures can be cold and forbidding, as can the mechanics of money. But a bank, which deals in these commodities, paradoxically, is a warm thing because the statistics of its growth harbor many intimacies of community life. The Bank of Albany's success story belongs to our city; it is shared in by many more than President Wilbur Owens, the board of directors, the officers and the administrative personnel. The association between the public and the bank is that close."

Yum-yum!

ON Monday evening, January 7, 1910, the "Annual Banquet of the Bankers of the City of New York, Group 8, New York State Bankers Association," was held at the old

Wise old Solomon was the only man in history who amassed a great fortune without being investigated by Congress or the Internal Revenue Service.

An optimist is a businessman who expects his customers to pay their bills by air mail or special delivery.

We haven't heard of a movie director signing up the national spelling champion.

In France, every little boy can, and does, grow up to be Prime Minister.

Waldorf Astoria Hotel, on the site of the famous Empire State Building.

The old menu was duplicated as nearly as possible at a luncheon given in the present hotel by the new Eastern National Bank of Smithtown, New York, in anticipation of its opening early this year. We won't water your mouth by repeating the items, but merely report that the *pièce de résistance* was Long Island duckling, which quite fitted the Eastern's location.

Mr. Boone County

A HALF page clipped from the *Columbia Missourian* provided some portraiture that caused us to cease from the moment's occupation and give heed to the six big pictures.

Five of them concerned Robert E. Lee Hill, the widely known executive manager of the Missouri Bankers Association. The other showed General Robert E. Lee in uniform.

The paper was the edition for January 19, General Lee's birthday, and the story was that his banking namesake always took the day off. Photos showed MBA's Bob in various poses; in none of them, we must admit, was he working, so the story was probably true.

On this day Columbia bankers had brought their March of Dimes contribution to the Hill office. They found on the door a sign saying that although the place was open, the



"I don't want to influence your decision, but there's a rumor that the last owner buried \$50,000 in the cellar before he died!"

occupant, for the reason above mentioned, was not transacting business. However, he did supervise the transfer of the Dimes check from the bankers to the campaign chairman.

It was a good "feature," reporting among other things that R. E. Lee Hill was noted for his promotion of Boone County Ham—and you'd better start that last word with a capital H. Bob has touted his "Little Dixie" product so well and so widely that Governor Shivers of Texas made him an honorary Texan, remarking that no Native Son could match this Missourian's boasting.

Bob Hill and a few of the books from his extensive Robert E. Lee collection



SERVICE

We haven't made a pitch on service in recent months because we have been so hopped up about electro-mechanical check processing that we have forgotten to scrutinize our service reports. Fortunately they are up to par, so most of our people must be focusing on delivering today's checks today, even though some of us have been temporarily diverted into the realm of tomorrow.

Which reminds us that service is still the big thing in the check printing business . . . and far be it from us to forget it. The more we have to imprint on checks, the greater the danger of creating bottlenecks that affect service. For example, last year we handled four and one-half million orders for imprinted checks. If we had to print an account number on all of these orders, we would need about seven Intertypes just to cast the four and one-half million extra lines of type.

It so happens that we recognized this ten years ago, when we adopted automatic teletypesetting to replace manual operation, and as a consequence we now get along very well with only twenty-seven Intertypes instead of the sixty-two we would need if we had retained manual operation. That, of course, means a lot in space and money, and provides us with a cushion to equip for the future.

Where there is so much smoke there must be fire, and judging from the number of large banks now hot on the subject of account numbers, it won't be long before we will have to install these seven additional Intertypes. This is fine with us, but no matter what the format of the checks of the future may be, service will continue to be the vital ingredient . . . and that is where we shine.



Manufacturing Plants at: CLIFTON, PAOLI, CLEVELAND,
INDIANAPOLIS, CHICAGO, KANSAS CITY, ST. PAUL



Max W. Hofmeister, Pres.
Mobile-Home Agency
Insurance Consultant To
Mobilehome Finance Institutions

A Sound Insurance Program is the Backbone of Mobilehome Financing

MOBILE-HOME AGENCY offers Specialized Insurance Coverages to mobilehome financing institutions.

Representing major stock Specialty companies, we provide the flexibility and special experience to assure a sound insurance program for clients who are discounting mobilehome paper.

Complete coverages with nation-wide protection and claim service provide the assurance of protection of your portfolio.

Your inquiry concerning Mobilehome Financing-Insurance will receive our prompt attention.

FIRE . . . THEFT . . . and
Combined Additional
Coverages
Collision, including Trip
Collision
SKIP Coverages and Single
Interest Collision
Group and Individual Credit-
Life, Accident and Health



INSURANCE

A GUARANTEE AGAINST LOSS

Insuring Mobilehomes From Coast to Coast is our only business

MOBILE-HOME AGENCY, INC. Keeler Building, GRAND RAPIDS, MICH.



"Our account is \$15 overdrawn, but I wrote a check to cover it"

(This would appear to be about the highest rating available in that department.)

We have some news for the *Columbia Missourian*. We sat next to Robert E. Lee Hill at lunch recently, and he never mentioned Boone County Ham. He was much too busy with a lamb chop — one from Chicago presumably.

Of Course, It Might Make a Difference

E. L. KING, vice-president of The South Carolina National Bank, Anderson, S. C., sends a clipping from "Pull Up a Chair," a syndicated newspaper column by Neal O'Hara:

"A woman in a New England town telephoned The First National Bank of her community to arrange for the disposition of a \$1,000 railroad bond. The man at the bank to whom she talked asked, 'Is this bond for conversion or redemption?'"

"There was a pause at the other end of the line.

"Then the woman asked, 'Is this the First National Bank or the First Parish Church?'"

J. L. C.

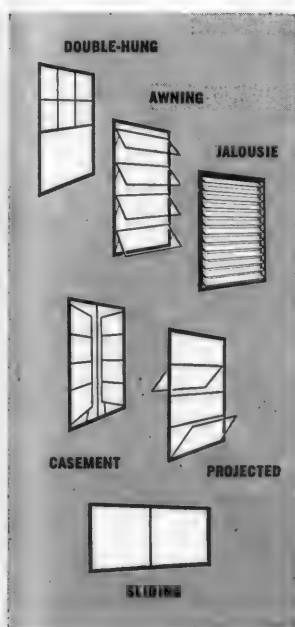
"Take it easy, mister, they're nesting"



BANKING



THIS *Quality Seal* PROTECTS BOTH HOME BUYER AND MORTGAGOR



● Many aluminum windows look alike but unfortunately not all are constructed to meet the exacting quality standards of the AWMA. Only when windows have been tested against these rigid performance standards and have been found satisfactory on all counts are they permitted to carry the "Quality-Approved" Seal.

As a banker you can be a real help to your future mortgagee-customers by insisting that builders include "Quality-Approved" aluminum windows—the only moderate price windows that are completely rot-proof, rust-proof and never need painting . . . that remain up-to-date and beautiful for the life of the house . . . that actually enhance its resale value.

"Quality-Approved" aluminum windows are available through many approved manufacturers in all sizes and styles (double-hung, casement, awning, sliding, projected and jalousies). All are tested by the independent Pittsburgh Testing Laboratory and are APPROVED for quality of materials, for strength of sections, for sound construction and for low air infiltration.

And to further protect your customer insist that the builder include screens and storm sash by the window manufacturer.

For additional information consult any of the manufacturers listed below or write to Dept. B-563, ALUMINUM WINDOW MANUFACTURERS ASSOCIATION, 75 West Street, New York 6, N. Y.

Quality Approved ALUMINUM WINDOWS

MEMBERS: Alcasco Products, Inc., Detroit, Mich. • The Wm. Bayley Co., Springfield, Ohio • Bourne Products, Inc., El Cajon, Calif. • Ceco Steel Products Corp., (Sterling Aluminum Window Division), Chicago, Ill. • Cupples Products Corp., St. Louis, Mo. • Duralite Window Corp., Knoxville, Tenn. • Fentron Industries, Inc., Seattle, Wash. • Michael Flynn Mfg. Co., Philadelphia, Pa. • General Bronze Corp., Garden City, N. Y. • Luria Building Products, Inc., Bristol, Pa. • Metal Arts Mfg. Co., Inc., Atlanta, Ga. • Reynolds Metals Co. (Parts Division), Louisville, Ky. • J. S. Thorn Co., Philadelphia, Pa. • Universal Window Co., Berkeley, Calif. • Ware Laboratories, Inc., Miami, Fla. • Windalume Corp., Kenil, N. J.



MR. CARL R. SCHMIDT, President of the Schmidt Lithograph Company, San Francisco.

"The success of our business", points out Mr. Schmidt, **"is based on giving the best possible lithography at the best possible value. Experience has taught us that the cost of using quality papers, inks, machines and craftsmanship is negligible compared with the superiority of the finished product."**

FOR EXAMPLE: Your business stationery. Surveys by the National Stationers' and Office Equipment Association show that the paper constituting the average letterhead, envelope and file copy costs *less than a postage stamp*. This microscopic cost rises *less than 1%* of total correspondence costs when you entrust your letters—*your personal representatives*—to the highest-quality, most impressive, rag-content letter paper obtainable: **ADVANCE BOND.**

ANOTHER EXAMPLE: Your business records. Record paper averages *but 1%* of total accounting costs. This minute cost increases *less than 1%* when you select the most durable, permanent record paper made: **L. L. BROWN'S LINEN LEDGER.**

Thus at *practically no extra cost*, you can be sure of prestige-enhancing stationery and dependable records regardless of time and hard use. These *plus* values have characterized L. L. Brown papers for 106 years.

Your regular supplier of stationery and records is well versed in the various L. L. Brown papers. He will gladly recommend those best suited to your particular requirements. L. L. Brown Paper Company, Adams, Mass.

L. L. BROWN

LETTER & RECORD

PAPERS

"SO MUCH extra value
FOR SO LITTLE extra cost"

Since 1849



THE bank had loaned him money several times before, and its experience had been entirely satisfactory. Consequently, it was quite a surprise when the first past-due notice had to be sent, and still more astonishing when it was seemingly ignored for more than a week.



Then came a check, with the hastily scrawled memorandum: "Please excuse me for being late with this payment. You see, I got married a couple of weeks ago and since then I've just simply lost all track of time."

THE rather glum-looking old man was apparently waiting to see an officer—probably about a loan, the newly elected assistant cashier decided.



"What can I do for you?" he asked.

Opening his bearded mouth to its fullest extent, the caller, pointing inside the rather large opening, mumbled, "It's that one right there. I want you to pull it out."

"What do you mean?" asked the startled young man.

"It hurts like blazes. Pull it out!"

Then it dawned on the new officer that the visitor had left the elevator one floor too soon. His destination was the "tooth-doctor's" office on the floor above.

IN GAY Bermuda shorts and T-shirt, the young lady nervously tapped her foot in front of the teller's cage. "I want the money for this bond," she said, handing him a Series E bond which was less than four years old.

The teller computed the redemption value and told her the amount.

"But it says \$50!" she protested.

"You see," was the reply, "this bond isn't due yet. It will be six years before it can be cashed for the par value. We can give you the cash value now, if you like, but it will not be worth \$50 until the 10 years are up."



"I know you're wrong!" said the young customer. "My grandmother gave me this bond for a birthday present when I was 14, and she told me then that at maturity I could collect \$50 for it. And I'm 18 years old today—and if that's not being mature, what is?"

BELLE S. HAMILTON

A smart person never gets that way simply by listening to himself talk.

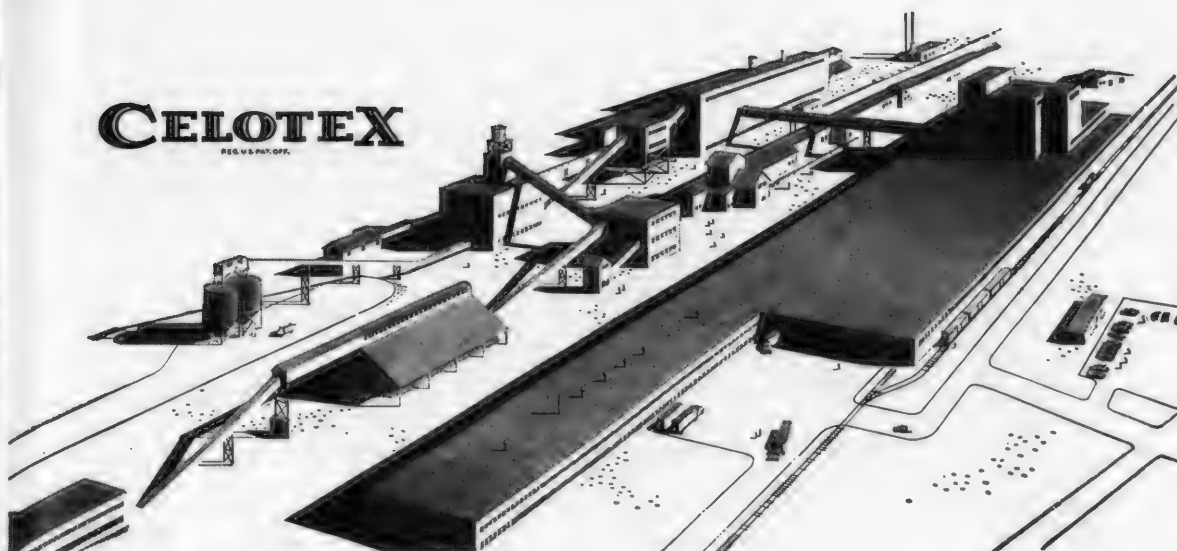
Why do so many car drivers have dominating personalities?

Sometimes we think the Far East isn't far enough.

A smart woman can manage a smart man, but it takes a brilliant woman to manage a dumbbell.

CELOTEX

REG. U.S. PAT. OFF.



1955...a year of important growth

The year 1955 was one of substantial progress for The Celotex Corporation. Earnings rose to \$5,081,643, a gain of 58 per cent over 1954, and sales increased 14 per cent to \$71,136,590. The annual dividend rate now is \$2.40 per share as compared with the rate of \$1.50 a year ago.

A new gypsum board plant was completed at our Port Clinton, Ohio properties, and another production line was added at Marrero, Louisiana for the manufacture of Celotex acoustical products. Present plans include starting construction at an early date of new plant facilities to cost approximately \$7,000,000.

In 1956, an expected total building activity comparable to that of 1955 should provide a continued high demand for our products.

O. E. Mansell
PRESIDENT

COMPARATIVE STATEMENT OF INCOME

FOR THE YEARS ENDED OCTOBER 31,
1955 1954

| | | |
|----------------------------------------------------------|---------------------|---------------------|
| NET SALES | \$71,136,590 | \$62,257,623 |
| COSTS AND EXPENSES: | | |
| Cost of sales and selling and administrative expenses .. | 57,958,129 | 53,634,184 |
| Provision for depreciation and depletion | 2,085,338 | 1,953,705 |
| TOTAL COSTS AND EXPENSES | 60,043,467 | 55,587,889 |
| INCOME FROM OPERATIONS .. | 11,093,123 | 6,669,734 |
| OTHER INCOME (net) | 13,520 | 22,915 |
| INCOME BEFORE INCOME TAXES | 11,106,643 | 6,692,649 |
| PROVISION FOR INCOME TAXES .. | 6,025,000 | 3,490,000 |
| NET INCOME FOR THE YEAR .. | <u>\$ 5,081,643</u> | <u>\$ 3,202,649</u> |

ASSETS

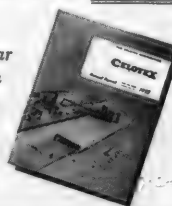
AS OF OCTOBER 31,
1955

| | |
|------------------------------------------------------------|---------------------|
| CURRENT ASSETS: | |
| Cash and U. S. Government securities | \$10,509,598 |
| Accounts receivable (less reserves) | 9,004,121 |
| Inventories | 5,983,417 |
| TOTAL CURRENT ASSETS | 25,497,136 |
| PROPERTY, PLANT AND EQUIPMENT | 46,735,238 |
| Less: Reserves for depreciation and depletion .. | 20,107,164 |
| NET PROPERTY, PLANT AND EQUIPMENT | 26,628,074 |
| SECURITIES AND MISCELLANEOUS INVESTMENTS, ETC. | 1,648,761 |
| PREPAID EXPENSES AND DEFERRED CHARGES | 800,886 |
| TOTAL ASSETS | \$54,574,857 |

LIABILITIES, CAPITAL STOCK AND SURPLUS

| | |
|-------------------------------------------------------------|---------------------|
| CURRENT LIABILITIES: | |
| Accounts payable | \$ 3,621,532 |
| Accrued expenses | 1,935,666 |
| Provision for taxes (less U. S. Treasury obligations) | 693,295 |
| Payments on long-term debt due within one year | 700,000 |
| TOTAL CURRENT LIABILITIES | 6,950,493 |
| LONG-TERM DEBT DUE AFTER ONE YEAR | 8,229,500 |
| RESERVE FOR DEFERRED FEDERAL INCOME TAXES | 167,000 |
| NET WORTH: | |
| Preferred stock | 5,137,250 |
| Common stock | 878,651 |
| Paid-in surplus | 6,325,253 |
| Earned surplus | 26,886,710 |
| TOTAL NET WORTH | 39,227,864 |
| TOTAL LIABILITIES AND NET WORTH | \$54,574,857 |

Copies of our Annual Report for the fiscal year ended October 31, 1955, are available upon request. Write to Secretary, The Celotex Corporation, 120 South La Salle Street, Chicago 3, Illinois.



"You can start small and grow

—say the F. M. McClains, owners
McClain Tractor Sales, Monroeville, Ohio



Starting with a \$15,000 investment, their Ford Tractor and Implement dealership grows into a \$100,000 money-maker in ten years

Here is a success story that is being echoed time and again by up-and-coming dealers who are growing and prospering with Ford.

Ten years ago when F. M. (Mac) McClain put away his military uniform, he decided to again go into business for himself. The farm machinery retail business looked good to him because he had been raised on a farm, and he knew and liked farmers. In addition, he had previous retail experience in the automotive field as well as extensive experience as a master mechanic.

So to sum it up, Mac McClain had plenty of enthusiasm and the right kind of background and experience, but he was light on capital. "That was why," McClain says, "it was doubly important for me to carefully choose a dealer franchise that offered plenty of opportunity for growth.

"After looking them all over, I chose Ford," McClain adds. "For I knew Ford would aim for leadership in the farm machinery field and that they would offer the kind of products, pricing and dealer assistance to get the job done."

So from the modest beginning of a \$15,000 investment, Mac McClain started turning his opportunity with Ford into sales and profits.

For the first few months, Mac and a valuable partner, his wife, laid the groundwork and "got the ball rolling." But soon, so many farmers were coming back to do business with the McClains that they had to add more help. Naturally, their first thought was to give better service to their customers, so they added two men who handle service work. Now, a full time salesman will soon join the force.

Meanwhile, the McClains' original \$15,000 investment has grown into a \$100,000 money-making enterprise. "But we're really just getting started," McClain says. "With Ford's rapidly expanding line and aggressive selling program, we can see a much bigger opportunity ahead."

The success of dozens of McClains in every section of the country is living proof that you can start small and grow big with Ford. It is living proof, too, that it's better to be *with* Ford than to *watch* Ford!



**TRACTOR AND IMPLEMENT DIVISION
FORD MOTOR COMPANY**

Birmingham, Michigan

big with FORD"

**FORD TRACTOR
AND IMPLEMENT
DEALER**

**SUCCESS
STORIES**



Mac McClain believes that good shop work and quick parts service can do much to draw and hold customers. A modern, well-equipped service shop and experienced servicemen like Harold Pifer and Lee Hannel help keep customers satisfied. Both of these expert mechanics have been with McClain Tractor Sales for more than five years. They can get to the cause of trouble in a hurry, and customers appreciate it.



A profitable business for the right man...

F. M. McClain's success as a Ford Tractor Dealer is typical of the many thousands of aggressive dealers associated with the Ford Motor Company.

And right now, there is room for more "F. M. McClains" with this fast growing organization.

Perhaps you know a man who has the qualifications for managing a successful farm machinery dealership—a deserving individual looking for the right opportunity. You can help launch this man into a successful future by suggesting he get in touch with the General Sales Manager, Tractor and Implement Division, Ford Motor Company, 2510 East Maple Road, Birmingham, Michigan.

*This department is compiled by
THEODORE FISCHER of BANKING'S
staff.*

Kneass to Treasury

GEORGE B. KNEASS, vice-president of The Philadelphia National Bank, has been appointed Assistant to the Secretary of the Treasury. He will assist Under Secretary W. Randolph Burgess in Treasury financing and debt management. MR. KNEASS succeeds ROBERT B. BLYTH of Cleveland, who has returned to private business. GORDON S. SMYTH, vice-president, has been appointed head of the bank's investment division to succeed MR. KNEASS.

LLOYD W. STOVER was elected president and trust officer of Farmers and Mechanics-National Bank of Phoenixville, Pa., succeeding CHARLES W. BOTHWELL who becomes chairman of the board. JOHN J. O'GRADY was elected executive vice-president and secretary of the board of directors.

J. SMITH MICHAEL was named to the new post of chairman of the board of the First National Bank of Aberdeen, Md. He is succeeded as president by HAROLD H. SMITH. ROBERT T. BAKER and E. PERSHING VOLKART became vice-presidents.

LESLIE A. BRANDT and JOHN C. MITCHELL, loan officers, were named vice-presidents of the Denver (Colo.) National Bank.



George B. Kneass



S. Sloan Colt



Alex H. Ardrey



Chester Gersten

LELAND S. DUPREE, ORAN H. KITE, JOHN R. SCOTT, WILLIAM O. STEVENS, and E. E. WALLACE, JR., were promoted to senior vice-presidencies at Republic National Bank of Dallas. JAMES E. GRISHAM, JAMES W. KEAY, and RAY J. PULLEY became vice-presidents.

City National Bank & Trust Company, Kansas City, Mo., has announced these promotions: Vice-chairmen, GEORGE C. KOPP, KEARNEY WORNALL. Executive vice-presidents: JAMES S. NEELY, JOHN E. HOFFMANN, R. CROSBY KEMPER, JR. Senior vice-president: F. D. FARRELL, CYRIL J. JEDLICKA, DALE R. AINSWORTH, J. MILTON FREELAND, EDWARD F. LYLE, CHARLES G. YOUNG, JR. MR. JEDLICKA, who heads the bank's instalment loan department,

is a member of the Instalment Credit Commission of the A.B.A. The positions of vice-chairman and of senior vice-president are newly created offices.

Colt Now Chairman

S. SLOAN COLT, president, was elected chairman of the board and continues as chief executive officer at Bankers Trust Company, New York. He is succeeded as president by ALEX H. ARDREY, who becomes chief administrative officer. E. CHESTER GERSTEN became vice-chairman of the board, and FRANCIS S. BAER was named chairman of the executive committee.

WILLIAM H. MOORE became executive vice-president. J. P. DREIBELBIS and BRIAN P. LEEB were elected senior vice-presidents and members of the board. JOHN M. BUDINGER, vice-president and director, was confirmed as vice-president and chairman of the advisory committee.

CECIL E. EARHART, president of the Federal Reserve Bank of San Francisco, retired as of February 29, having completed more than 38 years with that institution. With his retirement, he concludes his third term as a member of the Federal Open Market Committee.

FARMERS AND MERCHANTS BANK of Highland, Illinois, held a Sunday open house to show its enlarged and completely remodeled quarters.

CENTRAL VALLEY BANK of California has voted to convert to a national bank to be known as Central Valley National Bank, Oakland.

These four buildings comprise the new Auto Bank Plaza of Passaic-Clifton National Bank & Trust Company, Passaic, N. J. There are eight drive-in windows, four walk-up windows, parking space for 35 cars. There are two driveways from each of the three boundary streets. The grand opening attracted 6,000 persons



Main Street



Edwin P. Neilan



John H. Roach

Neilan President

EDWIN P. NEILAN, executive vice-president of Equitable Security Trust Company, Wilmington, Del., was elected president, succeeding **JOHN B. JESSUP**, who succeeds **THOMAS J. MOWBRAY**, retired, as chairman of the board.

MR. JESSUP, who had been president since 1941, was president in 1952 of the Delaware Bankers Association. He's a director of Wilmington Chapter, American Institute of Banking, and has been active in many civic enterprises.

MR. NEILAN holds the pre-standard, standard, and graduate certificates of the American Institute of Banking; was in the first graduating class of The Graduate School of Banking, 1937, and has since served as a panel examiner. He's active in the American Bankers Association, currently serving as chairman of its new Committee on Executive Development, a member of the Committee on Trust Policies of the Trust Division, and as a member of the Executive Council and Federal Legislative Council.

GORDON C. HUNTER was named president of The Peoples Bank, Roxboro, N. C., succeeding **R. L. HARRIS** who was elected chairman of the board. **MR. HUNTER** is a member of the Research Council of the A.B.A. Other officers were elevated as follows: **WILLIAM D. MERRITT**, vice-president; **D. S. BROOKS**, vice-president and trust officer; **JAMES C. BROOKS**, assistant vice-president and cashier; **J. R. (Pete) AUSTIN**, assistant vice-president and farm re-

lations; **REUBEN C. BOWES**, assistant vice-president.

JOHN H. ROACH, vice-president of the Franklin Savings Bank, was elected president of the New York Financial Advertisers Association. Also elected: *first vice-president*, **DONALD R. HASSELL**, assistant secretary, The Hanover Bank; *second vice-president*, **JASON W. STOCKBRIDGE**, public relations director of the National Association of Mutual Savings Banks. Reelected: *secretary*, **ISABELLE B. MURRAY**, Hudson Advertising Company; *treasurer*, **ROBERT J. STIEHL**, BANKING.

CHARLES A. VAN WINKLE was elected president of the Rutherford (N. J.) Trust Company for the 40th time.

DECOURSEY FALES, president since 1941 of The Bank for Savings, New York, has been named chairman of the board. **ALFRED S. MILLS** succeeds him as president. **HAROLD D. RUTAN** was named vice-chairman of the board.

THOMAS A. BRADY, formerly assistant vice-president in charge of methods of Bank of America, San Francisco, has been named bank department manager of Remington Rand.

Willard K. Denton, left, president of The Manhattan Savings Bank, New York, and **Admiral Ralph E. Westbrook**, executive director of Muscular Dystrophy Associations of America, prepare to burn paid up mortgage on site where MDAA will build \$3-million research center. The bank, holder of the mortgage, gave \$1,000 to the center



Wallace L. Boss, vice-president of First National Bank, St. Paul, as Boreas Rex XX, king of the St. Paul Winter Carnival. The Carnival was telecast coast to coast on the Wide, Wide World TV show. **Mr. Boss** is a member of the Executive Council and Federal Legislative Council of the A.B.A.

JOSEPH A. JENNINGS and **RUBLE A. HORD** were named vice-presidents of State-Planters Bank of Commerce and Trusts, Richmond, Va. **DONALD S. WILLCOX** advanced to trust officer; **ROBERT A. BROWNING** to corporate trust officer; **HORACE H. HARRISON** to cashier; **PRESTON T. HOLMES** to assistant vice-president. Messrs. **JENNINGS**, **HORD**, **WILLCOX**, **BROWNING**, and **HOLMES** are all alumni of The Graduate School of Banking.

GEORGE L. HARRIS was elected to the new position of board chairman of the Nashua (N. H.) Trust Company, and is succeeded as president by **WILLIAM J. BARRETT**. **MR. HARRIS** has been active in state and na-



tional banking circles, has served as president of the New Hampshire Bankers Association and on the Executive Council of the A.B.A. MR. BARRETT, the new president, is an alumnus of The Graduate School of Banking.

ROSCOE H. WADE and SUMNER F. HYLAND advanced to vice-presidencies of The Andover (Mass.) National Bank, and EDWARD D. JOHNSTON became assistant vice-president.

ERNEST F. TILLSON became vice-president and trust officer of Harvard Trust Company, Cambridge, Mass.

C. FRED HERBSLEB was named chairman of the board of the National Bank of Pottstown, Penna. GERALD M. ANDERSON advanced to president; RAYMOND S. ELLIOTT to vice-president. MR. ANDERSON is an alumnus of The Graduate School of Banking, class of 1947.

NICHOLAS TIMM was appointed a vice-president and realty consultant of The City Savings Bank of Brooklyn, N. Y.

JOHN T. GIBBONS, recently retired as president of the Absorbent Cotton Company, has been appointed to head a new business-account service at State Bank and Trust Company of Wellston, St. Louis.

LYNDON OLSON was promoted to vice-president of the First National Bank & Trust Company, Oklahoma City.

ALVAN B. FEHN has advanced to executive vice-president of the Somerset Hills National Bank, Bernardsville, N. J.

Marshall and Ilsley Bank, Milwaukee, has promoted A. G. TRIMBERGER and A. J. MAYER to vice-president, and they will continue to serve as cashier and comptroller, respectively. H. S. FRENCH advanced to vice-president and assistant trust officer.

FRANK R. ALVORD, senior vice-president, has retired after nearly 50 years with Citizens National Trust & Savings Bank, Los Angeles.

(CONTINUED ON PAGE 22)

*here is an idea
that can bring
new profit to
your bank too*



You would have to look far and long to find a more community-minded, progressive bank than The Reeves Banking and Trust Company in Dover, Ohio (Pop. 10,200). The advertisement they published in their local newspaper, The Daily Reporter, substantiates our point.

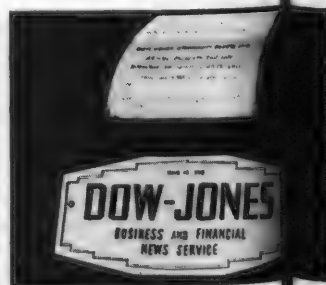
Always alert for new ways to add to and improve their services to the growing community Reeves Bank officials listened intently when their Dow-Jones representative called on them.

"... Certainly they were interested in strengthening relations with present customers... finding new customers... developing new business... providing officers with managerial 'aids'... and have the best possible atmosphere conducive to profitable banking."

So they installed the Dow-Jones continuous news service. Now local businessmen can drop into the Bank and check latest commodity quotations, crop reports, cattle and hog prices, Washington news, Tax legislation, financial happenings, labor news and many other things that affect the livelihood of the entire community. *Good will is being built continuously. The community is being served.*

What's more, the Dow-Jones News Service not only connects Dover with New York but with the whole world. Throughout America, and in principal capitals of the world, trained Dow-Jones correspondents report the news as it happens. This coverage is further extended by bulletins from the wires of AP, UP, INS, and Reuters.

Care to join the many forward looking banks who use the Dow-Jones News Service to good avail? Just drop us a line, or 'phone or wire. No obligation, of course.





WE KEEP OUR FINGER ON THE PULSE OF BUSINESS

News is in the making right now! Somewhere something is happening that may affect the future of the local farmer, or merchant, or Dover homeowner.

Between issues of the excellent daily paper that faithfully reports world, national and community happenings, there are many timely news items that not only influence Wall Street, but Main Street, as well.

That is why The Reeves Bank installed its News Service—a teletype which connects Dover by wire with New York City.

Take a moment to read the latest bulletins, the next time you visit us. You'll be interested, whether the item has to do with stocks and bonds, world news, or the latest weather prediction.

Our Dow-Jones, like many other exclusive Reeves Bank services, is evidence of the bank's aim to supply the BEST and the BROADEST service possible, to you and the entire Dover community.

The
REEVES BANKING AND TRUST
DOVER OHIO
Company
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

DOW JONES & COMPANY, Inc.

Dow-Jones News Services

44 Broad Street, New York 4, New York HANover 2-3115

711 West Monroe Street
Chicago 6, Illinois
STate 2-9400

808 Young Street
Dallas 2, Texas
PRospect 1587

415 Bush Street
San Francisco, California
EXbrook 2-1271

MAIN STREET (Continued)

CHARLES H. DIEFENDORF, president since 1942 of the Marine Trust Company of Western New York, Buffalo, has become chairman of the executive committee and chief executive officer of the bank. He is succeeded as president by FRANCIS A. SMITH, formerly executive vice-president. GEORGE F. RAND, JR., and JOHN W. LIVINGSTON advanced to vice-presidencies.

I. D. FARRIBA was made a vice-president of Georgia Railroad Bank & Trust Co., in charge of the Daniel Village branch. He has completed 30 years with the bank.

ALBERT R. PIKE, GERALD W. SPENCER, REINO M. RINGMAN, and RICHARD J. GEHL are now vice-presidents of Lake County National Bank, Painesville, Ohio. MR. GEHL serves also as cashier.

The officers and directors of the FIRST NATIONAL BANK of Whiteville, N. C., entertained stockholders



Malcolm Johnston



Harold H. Helm



N. Baxter Jackson



Isaac B. Grainger

and friends at an informal dinner to celebrate the bank's 10th anniversary.

J. MALCOLM JOHNSTON, senior vice-president of Girard Trust Corn Exchange Bank, Philadelphia, has been elected to the board of directors. He's in charge of operations, including advertising and public relations, and has been with the bank for 40 years.

EDWARD M. HOFFMAN, president of the First National Bank of Dwight, Ill., was honored at a dinner attended by directors, employees, and wives and husbands, upon completion of 50 years with the bank.

Helm Now Chairman

HAROLD H. HELM has been elected chairman and chief executive officer of Chemical Corn Exchange Bank, New York. He succeeds N. BAXTER JACKSON, who retired as chairman but agreed to become chairman of the executive committee. GILBERT H. PERKINS, executive vice-president, was named vice-chairman. ISAAC B. GRAINGER, executive vice-president, succeeds MR. HELM as president. As chairman of the executive committee, MR. JACKSON succeeds PERCY H. JOHNSTON, who has been elected an honorary chairman.

FELIX S. WEBB, J. F. JOYCE, and H. W. DANIELS are now vice-presidents of Midland National Bank, Billings, Mont.

CHARLES S. SCHILLO was promoted to vice-president and trust officer of Mutual National Bank of Chicago.

BARTHOLOMEW O'TOOLE has been named chairman of the board of three banks: Pullman Trust & Savings Bank, Chicago; State Bank of Blue Island; and Standard State Bank. DONALD O'TOOLE was elected president of the three institutions.

W. S. HACKWORTH retired as president of the Nashville, Chattanooga and St. Louis Railway and was elected president of the Nashville Trust Company.

O. M. JORGENSEN was named chairman of the board of Security Trust & Savings Bank, Billings, Mont., and is succeeded as president by R. M. WATERS. WAIREN F. VAUGHAN became a vice-president.

REYNOLD C. LANDON has been named public relations officer at the San Francisco headquarters of Bank of America.

(CONTINUED ON PAGE 26)

In New Home

A WEEK-LONG ceremony heralded the opening of the \$5-million, 9-story home and office building of the FIRST NATIONAL BANK OF ARIZONA, Phoenix. Governor Ernest W. McFarland of Arizona and Governor Averell Harriman of New York attended the event.

Two huge ceramic tile murals grace the outside entrances of the bank. Inside, another mural runs the entire length of the huge banking room.

The building occupies an entire city block and the project incorporates a three-level garage with parking space for 570 cars.

The move into its new home coincided with the bank's 75th anniversary.

The opening ceremony was held on Monday. The previous Saturday an even larger crowd was attracted to dedication ceremonies with HUGH C. GRUWELL, board chairman, officiating. He was assisted by MONT E. McMILLEN, president, and J. H. BRAHM, executive vice-president.



First depositor at First National Bank of Arizona's new \$5-million head office building in Phoenix arrived in this ancient stagecoach, on which the County Sheriff "rode shotgun"

A small investment that pays big dividends

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principle. No critical adjustments are involved. Once the controls are set, no attention is required. This is a double-acting power hinge, entirely self-contained. It has no visible operating mechanism. Its one-third horsepower motor runs on 110-volt house current; consumes no more electricity than a conven-

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Never before such efficiency



Interchangeable printing head can be installed or removed without opening machine. Can be kept in machine without printing—simply by turning off endorser switch. A head for any type endorsement or stamp can be prepared—with complete information, including progressive discs for changing date and batch number.



Bell & Howell
MICROFILM EQUIPMENT

SOLD AND SERVICED BY
Burroughs

Automatic check endorsing!

Only the MICRO-TWIN RECORDER-READER WITH NEW AUTOMATIC CHECK ENDORSER GIVES YOU SUCH CLEAN, FAST, EASY, ACCURATE CHECK ENDORSING DURING MICROFILMING



FASTER AND MORE ACCURATE! No need to reduce speed . . . no more partial endorsements or total blanks. The new exclusive sensing device synchronizes the printing of the endorsement with the flow of documents through the Micro-Twin recorder. This assures you of a faster rate of photographing and endorsing checks because you don't have to reduce speed, and a complete, distinct, individual endorsement in the proper position on each item.

The Micro-Twin with automatic check endorser provides you with a new and better way to endorse or cancel checks, and to imprint other material on documents at the very instant they are being microfilmed.

True, other microfilm equipment can offer automatic endorsement, but . . . *only the Micro-Twin's automatic check endorser gives you the three important exclusives described here.* When you consider that the Micro-Twin provides you with a combined recorder-and-reader for less than you'd expect to pay for the recorder alone, it becomes apparent how much you can save in time and money with this fine Bell & Howell equipment—useful in so many phases of banking.

Our local branch office, listed in your phone book, will be glad to demonstrate these exclusive Micro-Twin extras. Burroughs Corporation, Detroit 32, Michigan.

Wherever there's business there's

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"Burroughs" and "Micro-Twin" are trade-marks



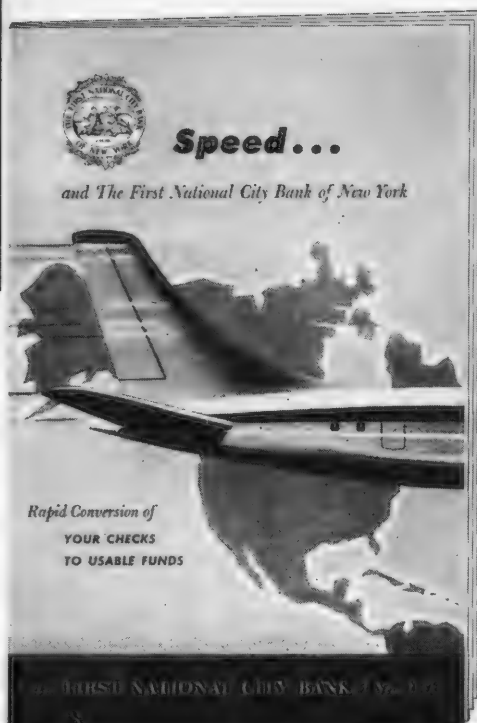
CLEANER! Operator's hands never touch an inked part. Easily filled ink reservoir supplies cylindrical ink pad. To re-ink operator presses a remote control lever that releases ink to the roll *only when head is in printing position and in motion.* This eliminates possibility of spillage when head is out of machine.



EASIER! Day, month, and batch number can be changed from the operator's position without removing the endorser head, making internal adjustments, or touching any inked part. Six remote control buttons, externally located, can be pressed to move the printing discs to any desired position.

SPEED...

in
converting
your
checks
to usable
funds



If you're interested in collecting checks with utmost speed, you'll want a copy of this new booklet.

It describes and illustrates the methods and systems that First National City has set up to help its correspondents throughout the country...

- Gain substantial amounts in available funds
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- Reduce credit exposure

Our correspondents benefit from a system that provides for direct sendings the same evening of deposit. This means the quickest availability of funds and the earliest possible presentation with resultant prompt return of unpaid items. Our round-the-clock, seven-day-a-week transit service can work to your advantage.

The "Speed" booklet is yours for the asking. After you've read it, we'd welcome the opportunity to review your collection procedures and outline in detail just how the facilities the booklet describes can be of service in your own particular case.

The FIRST NATIONAL CITY BANK of New York

Head Office: 55 Wall Street, New York

66 Overseas Branches, Offices, and Affiliates • 73 Offices in Greater New York

*Around-the-clock Transit Service • Collections • Credit Information
Bond Portfolio Analysis • Complete Securities Handling Facilities
Dealers in State and Municipal Bonds • Participation in Local Loans
Personalized Service • World-Wide Banking Facilities
Complete Metropolitan New York Offices Coverage*

First in World Wide Banking

Member Federal Deposit Insurance Corporation

MAIN STREET (Continued)

CHARLES N. SHEPARDSON, member of the Board of Governors of the Federal Reserve System, addressed the 70th annual stockholders meeting of the National Bank of Eastern Arkansas, Forrest City.

ROBERT PORTER KEEP, formerly president, was elected chairman of the board of the Farmington (Conn.) Savings Bank. J. HARRIS MINIKIN, formerly treasurer and secretary, was named president and retains the title of treasurer.

HARRY B. L. MARVIN was named president of the Deep River (Conn.) Savings Bank, succeeding the late DR. FRANCIS D. LARSON. ALBERT K. MILLER was appointed treasurer.

JOHN H. PIERPONT has been named public relations director for the Savings Banks Association of the State of New York. He was formerly with Selvage & Lee, public relations counselors.

RAY H. WAHLBRINK was advanced to vice-president and cashier of Baden Bank, St. Louis.

MILTON T. MACDONALD and ARTHUR M. MUELLER, newly elected directors of The Trust Company of New Jersey, Jersey City, are both graduates of The Graduate School of Banking. MR. MUELLER is a senior vice-president of the bank. MR. MACDONALD, who formerly was an officer of the bank, is president of T. B. O'Toole, Inc., Wilmington, Del., a mortgage company.

L. R. BRYAN, JR., was elected vice-chairman of the board and chairman of the executive committee of the Bank of the Southwest N.A., Houston. He is succeeded as president by A. G. McNEESE, JR. WILLIAM B. BLACK, JR., and NEWTON WRAY were promoted to vice-presidents.

A. G. McNeese, Jr.

L. R. Bryan, Jr.



BANKING



Roberto Montalvo



Leonor Loree, II

ROBERTO MONTALVO, executive assistant to the president, has been appointed vice-president of the Government Development Bank for Puerto Rico.

LEONOR F. LOREE, II, advanced to vice-president of the Chase Manhattan Bank, New York.

FRANK L. KING, president of California Bank, Los Angeles, was named director of the Automobile Club of Southern California.

ELLIOTT MCALLISTER was named chairman of the board and chief executive officer of The Bank of California, N. A., San Francisco. He is succeeded as president and chief administrative officer by **EDWIN E. ADAMS**.

O. W. ALTIZER has been elected president of the Bank of Christiansburg, Va., succeeding **HUNTER J. PHLEGAR**, who has retired. **J. CREEDE TAYLOR** is vice-president; **C. R. CHEATHAM**, executive vice-president, cashier and trust officer.

W. P. LEONHARDT is now a vice-president of the Lee County Bank, Fort Myers, Fla.

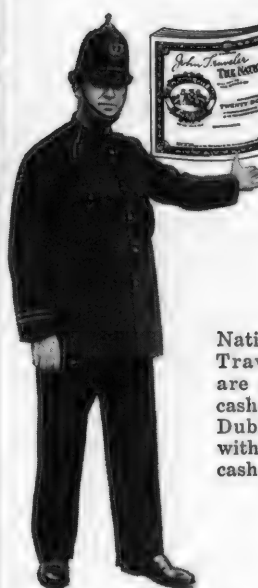
H. J. BLACKWELL was named senior vice-president and cashier, and **C. B. PARROTT** and **VANCE FOSTER** were elected senior vice-presidents at First National Bank in Dallas. **SAM W. EASTER** advanced to vice-president.

DOLLAR SAVINGS BANK, New York, will have new quarters for its 170th Street office. Plans call for occupancy in February 1957.

MURRAY KYGER, executive vice-president of the First National Bank of Fort Worth was named president of the Fort Worth Clearing House Association. He's active in the A.B.A. as a member of the Small

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*for funds
away
from home
NCB
Travelers
Checks*



National City Bank Travelers Checks are spendable like cash everywhere, in Dublin or Detroit, without the risks of cash.

When you sell your clients safe, readily cashed, National City Bank Travelers Checks, you give them a real service. Wherever they go, at home or abroad, these convenient checks will simplify trips or vacations. Here are a few important reasons why seasoned travelers prefer NCB Travelers Checks:

- Promptly refunded in full if lost or stolen
- Instantly recognized and accepted like cash around the world
- In handy denominations: \$10, \$20, \$50 and \$100—good until used

When you sell NCB Travelers Checks, you keep the entire selling commission— $\frac{3}{4}$ of 1%. Our global advertising directs prospects to buy at banks. We provide extensive sales aids, without charge, enabling you to tie in with this national and international advertising campaign in trade and consumer publications.

Serve your customers well—and make a good profit yourself—by selling well-advertised, much-in-demand NCB Travelers Checks. They're known as "The Traveler's Friend" with good reason.

The FIRST
NATIONAL CITY BANK
of New York

REMEMBER THESE FACTS:

- Backed by America's leading world wide bank
- Inexpensive "insurance"—cost only 75¢ per \$100
- NCB Travelers Checks have been sold for over half a century

Member Federal Deposit Insurance Corporation

Business Credit Commission, the Savings and Mortgage Division, and as a regional vice-president of the Organization Committee. Other officers elected: *vice-president*, L. N. WILEMON, president, North Fort Worth State Bank; *secretary-treasurer*, STUART LYDICK, board chairman, Union Bank and Trust Company; *manager*, R. L. CARTWRIGHT.

Toledo (Ohio) Trust Company has announced these promotions: CALVIN R. FERGUSON, vice-president; LOWELL W. SKILLITER, treasurer; WILBUR A. SCHNITKER, auditor. MR. SKILLITER is an alumnus of The Graduate School of Banking.

CLARENCE H. LICHTFELDT has been elected vice-president and comptroller of First Wisconsin National Bank, Milwaukee. He's a past president of the National Association of Bank Auditors and Comptrollers, a director of the Wisconsin Society of Certified Public Accountants, and the NABAC School for Bank Auditors and Comptrollers at the University of Wisconsin, and a past president of the Milwaukee Control of the Controllers Institute of America.

GORDON T. HICKS, former executive vice-president of the United States Jr. Chamber of Commerce, has joined the National Bank of Tulsa as an assistant vice-president. He heads the business development department, succeeding Vice-president HENRY M. WHITE who resigned to enter the Yale Divinity School. Promoted to vice-president: PHIL STOVER, CECIL SIMPSON, JAMES DOWELL, and O. R. BUTTRAM.



Arthur T. Leonard



A. R. Floreen



Gordon Malen



Jay F. Clark

ARTHUR T. LEONARD was elected president and chief executive officer of City National Bank and Trust Company of Chicago. A. R. FLOREEN was elected chairman of the executive committee, a new office. WILLIAM H. MILLER, senior vice-president, was named to the board of directors, filling the vacancy caused by the retirement of PHILIP R. CLARKE, who had also been chairman.

GEORGE R. DARSEY was promoted to vice-president and cashier of Texas National Bank of Houston. HAROLD R. JONES, WILLIAM C. GARDINER, and WILLIAM H. PUGH were elected vice-presidents.

BEN D. FLOYD, JR., was elected president of the Utica Square National Bank in Tulsa, Okla. MR. FLOYD, who has been with the bank since it opened in 1953, is a graduate of The Graduate School of Banking.

CARLOS G. PARKER was elected president of First-Taylor National Bank, Taylor, Texas; S. G. GERNERT is chairman of the board; THOMAS G. PARKER became vice-president and cashier; EMIL A. KRIEG, assistant vice-president.

GORDON M. MALEN, assistant cashier in charge of advertising and publicity for First National Bank of Minneapolis, has been elected president of the Advertising Club of Minneapolis.

JAY F. CLARK, vice-president and cashier of the National Bank of Jackson, Mich., has retired after more than 50 years in banking. He'll continue as a director. Vice-president WENDELL P. BECKWITH was given the added responsibility of cashier.

Rudolf S. Hecht

RUDOLF S. HECHT, once a president of the American Bankers Association, died on January 18 in New Orleans at the age of 70.

MR. HECHT was born in Ansbach, Germany, and came as a young man to the United States to study American banking methods. There began what he called his immediate and continuing "love affair" with the United States of America. He found business and social life here so congenial that he decided at once to stay and to become an American citizen.

His education was supplemented with courses in the American Institute of Banking, and he became national president of the Institute in 1918. In 1921 he became president of the State Bank Division of the American Bankers Association, and in 1934, president of the A.B.A.

Finance was MR. HECHT's forte, and this led him into so many enterprises in local, national, and international trade that the New Orleans *Times-Picayune* was moved to note editorially that it would be "embarrassing to elect any one feat or set of feats, or any one signal year, by which to appraise or place his unselfish acts of citizenship."

W. W. OVERTON, JR., board chairman of Texas Bank and Trust Company

(CONTINUED ON PAGE 30)



1911 Ford "torpedo roadster" at curb and walk-up teller, first of its kind in New England, at the Andover (Mass.) National Bank. A conveyor belt and public address system connect customer with teller. Standing beside the unit is Wallace M. Hazelton, executive vice-president of the bank

TRAVELING CREDIT

*— a unique type of
inventory financing*



Bankers all over the country are
profiting by the Douglas-Guardian Plan
of traveling credit.

Under this plan, you can lend money
quickly and safely to customers who have
inventory on which to borrow.

Credit can be created wherever the
inventory is located, by the use of
Douglas-Guardian field warehouse receipts.

For complete information on what the
Douglas-Guardian Plan can do for your
bank, your loan department and
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nearest office.

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NEW ORLEANS 1, La., 118 North Front St.
NEW YORK 4, N.Y., 50 Broad St.
CHICAGO 2, Ill., 173 W. Madison St.
PHOENIX, Ariz., 3747 East Coolidge
ATLANTA 3, Ga., Hurt Bldg.
ALBANY, Ga., P.O. Box 241
FAIRMOUNT, Ind., 114 So. Mill St.
DALLAS 1, Texas, Tower Petroleum Bldg.
HOUSTON, Texas, P.O. Box 8188
DETROIT 26, Mich., Penobscot Bldg.
HOLLAND, Mich.,
1100 South Shore Drive
COLUMBUS 12, Ohio,
2585 Shrewsbury Road
CLEVELAND 23, Ohio, 398 East 232 St.

LOS ANGELES 14, Calif., Garfield Bldg.
MEMPHIS 3, Tenn., Porter Bldg.
MIAMI 50, Fla., 12385 N.W. 17th Ave.
PHILADELPHIA 2, Pa., Girard Trust Bldg.
PORTLAND 4, Ore.,
U.S. Nat'l Bank Bldg.
BOISE, Idaho,
Continental Bank Bldg.
ROCHESTER 4, N.Y., Commerce Bldg.
SAN FRANCISCO 3, Calif.,
785 Market St.
FRESNO, Calif., 2052 Colville Ave.
SPRINGFIELD 3, Mass., 293 Bridge St.
SPRINGFIELD, Mo., McDaniel Bldg.
TAMPA 2, Fla., 416 Tampa St.

MAIN STREET (Continued)

pany of Dallas, has been elected president of the Dallas Chamber of Commerce.

A. N. WILLIAMS, SR., chairman of the board, and ALBERT S. BROOKS, executive manager of the trust department, of the United States National Bank, Denver, have been relieved of their executive duties at their own request. They will remain with the bank, however. ARCH METZNER, JR., was named manager of the trust department. ROBERT D. KNIGHT, JR., will serve as president and chairman of the board. ROLLO E. JACOBS, vice-president and cashier, was named secretary of the board of directors.

OTTO S. HEINECKE, president of Jefferson Gravois Bank, St. Louis, was elected chairman of the bank's executive committee. RELLY E. ANDREWS, formerly vice-president and cashier, was elected president. WENDELIN A. MARTIN, vice-president, was given the additional title of cashier; STANLEY T. HOFMEISTER was promoted to vice-president.

GEORGE E. ROGERS was elected president of the First National Bank in Marion, Ind., succeeding S. P. GOOD, who, after 20 years as president, has been named president emeritus.

DAVID G. STODDARD, DOWNING NIGHTINGALE, LEROY GARDNER, and O. KATHRYN BELL were elected vice-presidents of Barnett National Bank, Jacksonville, Fla. MISS BELL was the first woman ever to become an officer of the bank when elected an assistant cashier in 1947. She's active in the National Association of Bank Women, is a past president of Jacksonville Chapter, American Institute of Banking, has been for several years an instructor in A.I.B. courses, was chairman of the na-

tional membership and enrolment committee of the A.I.B., and was the first woman to be accepted as a student at the School of Banking of the South, from which she graduated in June 1955. She holds the A.I.B.'s Pre-Standard, Standard, and two graduate certificates.

The Detroit Clearing House Association elected these officers: *president*, JOHN H. FRENCH, JR., president, City Bank; *first vice-president*, CHARLES T. FISHER, president, National Bank of Detroit; *second vice-president*, HOWARD T. PARSHALL, president, Bank of the Commonwealth; *secretary and treasurer*, LEWIS BROOKE, vice-president and trust officer, City Bank.

West Coast Merger

CROCKER First National Bank and Anglo-California National Bank have merged to form the CROCKER-ANGLO NATIONAL BANK, San Francisco, with assets of \$1.5-billion, and 51 offices in 32 communities.

Anglo-California was incorporated in 1873; Crocker was chartered in 1870.

The principal officers of the new CROCKER-ANGLO NATIONAL BANK are: WILLIAM W. CROCKER, chairman of the board; PAUL E. HOOVER, president and chief executive officer; J. F. SULLIVAN, JR., chairman of executive committee; PAUL B. KELLY, first vice-president; WM. PFLUEGER, executive vice-president.

DONALD N. BRANDIN, formerly a vice-president of Bankers Trust Company, New York, has been elected a vice-president in the commercial lending division of The Boatmen's National Bank of St. Louis.

EUGENE M. FAST, formerly senior vice-president of the Canton (Ohio) National Bank, has been named president of the Kent (Ohio) National Bank.

George E. Rogers



O. Kathryn Bell



Donald Brandin



Eugene M. Fast



E. E. Bewley, Jr.



Lester S. Harvey

EDWIN E. BEWLEY, JR., is now a vice-president of the Fort Worth (Tex.) National Bank.

LESTER S. HARVEY, president of the New Hampshire Fire Insurance Company, has been elected president of Merchants Savings Bank, Manchester, N. H. He succeeds the late WILLIAM F. HARRINGTON, who died last May after having been president since 1909. MR. HARVEY, who has been a trustee of the bank for 15 years, is the fifth president of the Merchants since its organization 57 years ago.

ALLYN W. ROBBINS and O. E. BOULET advanced to vice-presidents and trust officers at the National Bank of Commerce, Houston. ABNER L. LEWIS, JR., became a trust officer.

Thousands of persons jammed the new main office of THE PHILADELPHIA NATIONAL BANK to celebrate "opening day" of one of the country's oldest banks in its new quarters. FREDERIC A. POTTS, president, addressed the group and flipped the switch to light the city's first building-top weather indicator.

JOHN K. THOMPSON was elected chairman of the board and chief executive officer of Union Bank of Commerce, Cleveland. GEORGE R. HERZOG became vice-chairman; HARRY F. BURMESTER, president.

STERLING EDWARDS, JR., was elected chairman of the board, and R. D. RUSSELL became president of the Exchange Bank of Birmingham, Ala. MR. EDWARDS, a founder of the bank, had served as president since 1930.

MAYNARD L. HARRIS, formerly treasurer, has been elected president of the Franklin Savings Bank of the City of Boston, succeeding EVERETT W. GAMMONS, retired. H. RUSHTON HARWOOD, JR., was elected treasurer.

(CONTINUED ON PAGE 165)

the Smith-Corona "88" with exclusive
"RESPONSE-O-MATIC" ACTION



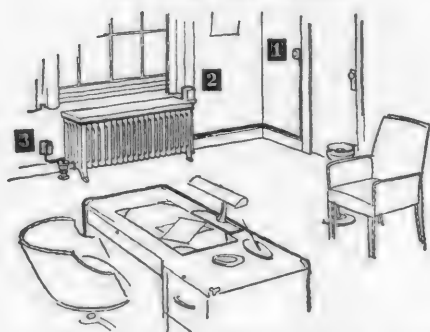
Finest office typewriter in our 50 year history.

It offers effortless speed, smooth responsive action and a featherlight touch... plus the exclusive wide-range eighty-eight character keyboard. Also, many other Smith-Corona exclusives, including Instant-Set Margins and the amazing Page Gage. Phone today for an eye-opening ten minute demonstration.

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The Honeywell Round



Installation is simplified by low-voltage wiring that can be tacked to the wall, connecting the Honeywell Round (1) with the Honeywell electric motorized radiator valve (2) and a small transformer (3) plugged into standard 110-volt outlet, which serves one or more valves.

The thermostat on the wall

Outmodes annoying, ineffective manual comfort controls

TODAY there's one sure method of providing constant comfort that ends tiresome twisting on hot steam valves or interminable raising and lowering of windows.

Key to this one sure method is a thermostat on the wall. For with it come these benefits of *thermostatic control*:

Thermostatic control is automatic. There's no manual on-off operation with resulting cycle of too-hot, too-cool. Comfort is *uniform* at whatever level best suits the occupant of each office.

Thermostatic control is sensitive. The thermostat is a precision instrument; it maintains a set temperature accurately.

Thermostatic control is convenient. Unlike switch or valve types of heating control, the thermostat is always conveniently located. Changing a setting is easy and sure.

Thermostatic control is economical. Saves fuel, because it ends constant overheating. Low initial cost, too; installation is far less than the price of a good office chair.

For complete information, for help in selecting your thermostatic controls, and for more details on the Honeywell Round, call your architect, engineer or local Honeywell office. Or write Honeywell, Dept. BK-3-56, Minneapolis 8, Minnesota.

MINNEAPOLIS
Honeywell



First in Controls

Sign of sure comfort—a thermostat on the wall

The OUTLOOK and CONDITION OF BUSINESS

BUSINESS is watching monetary policy these days with special attention to see how the credit and fiscal authorities feel about the outlook. No less diligently, the authorities are watching business to see how business feels. Between the two it is hard to decide what, if anything, to worry about: deflation or inflation or flatation.

New words and definitions may be needed. Inflation and deflation are vague terms in any case, particularly in an election year when even a pause in the inflationary trend can look like a recession. Ease, active ease, restraint and active restraint are fairly clear but perhaps what we need is easy restraint, active uneasiness or inactive tightness.

The job of choosing the right monetary theme for the right day and time is something like deciding whether a heterogeneous television audience is in the mood for Brahms's Lullaby, Pomp and Circumstance, Sweet Mystery of Life, the Recessional, or the Battle Hymn of the Republic.

This particular kind of uncertainty springs from well known current political circumstances and is likely to continue long after the President's historical decision on his candidacy.

Meanwhile prospects for industry, finance and business generally continue good on the whole. In keeping with the buoyant spirit of the times even the bad news is dusted off, gift wrapped and presented as good news.

The Uses of Adversity

FOR example, it's no secret that automobiles and housing are having their own private recession. About 200,000 fewer cars are being produced in the first two months of this year than last. If some people in the business have their way the automotive industry will be celebrating Christmas about the Fourth of July by getting the 1957 models ready sooner than ever before. Residential construction also is down more than seasonally from December and more than was generally expected. This, of course, affects all related businesses, like home equipment.

Consequently, while it may come as something of a surprise to those engaged in these industries, their present troubles are frequently listed among the favorable factors. The reasoning is simple and plausible. These two industries had been expanding rapidly. A slowdown will ease pressures on credit and materials at a time when more of both are needed for defense production, new plants, machinery, railroad cars, trucks and public works. Figures on all of these for the early weeks this year bear out this way of thinking.

The Longer View

Watchers of the long charts also have something to say in this connection. Regarding the whole economy and not just a part of it, they believe we are ahead of our growth schedule for the country as a whole, so we can level off for a few months and still be abreast of the long-term national trend.

All of this, to be sure, does not sell cars and houses, or make these industries feel better but it does provide statisticians with a way to get from a pleasant assumption to the foregone conclusion that this is really one of those puncture-proof, blowout-proof new eras.

In a recent article in the *American Mercury* on the plight of agriculture and why farmers need help, Louis Bromfield points out that statistically the farmer can be shown to be doing fine. The famous farmer-author cites the analogy of a Maine logging camp where there were 100 male loggers and two female cooks. One logger married one cook, so it could be proved statistically that 1% of the men married 50% of the women. Statistics to the contrary, he says, 60% of our farmers would be in bankruptcy today without price supports.

For reasons partly mathematical and partly emotional there are a great difference and variety of opinions on whether our boom rests too largely on personal debt or not. By the use of income percentages, population

(CONTINUED ON PAGE 168)



The start of the President's "pre-decision" vacation

Progress of Banking Legislation

LAWRENCE STAFFORD

DECISIONS are likely to be made soon which will determine the fate of the antibank-merger and bank holding company bills in Congress.

Early last month the House passed the Celler antimerger bill. It was passed without any opposition and without a record vote. The unusual procedure of the "suspension of the rules" was used. This requires a two-thirds vote. However, only Chairman Emanuel Celler (D., N. Y.) of the House Judiciary Committee and Rep. Kenneth Keating (R., N. Y.), second ranking member of that committee, spoke on the floor. No one opposed the bill. The bill was adjudged as having passed by the required two-thirds by a voice vote and without a roll call.

For this sudden passage with such ease, the explanation lies, it is believed, in a recommendation of President Eisenhower. The President proposed in his Economic Report message that "Federal regulation

should extend to all mergers of banking institutions." With this recommendation in view, Mr. Celler apparently made no more than a perfunctory attempt to get a rule, but with the approval of Speaker Rayburn chose the "suspension of the rules" procedure, which is so much simpler when it is anticipated there will be no serious objection.

Invokes Clayton Act

This is the bill which subjects bank mergers brought about via the assets acquisition route to the same prohibitions of Sec. 7 of the Clayton Act governing mergers achieved through stock purchases. In effect, the Department of Justice has the deciding role in determining whether such mergers are illegal. This is believed to connote the idea that the antitrust aspect becomes the dominating consideration over all other factors which might be weighed in passing upon the desirability or undesirability of a prospective merger.

In reporting out the Celler bill July 26, 1955, the committee, in its report, recognized that there are certain circumstances under which bank mergers may be desirable even if they tend substantially to lessen competition. It listed such kinds of circumstances as where an acquired bank had poor prospects without merger, or might otherwise fail; where an acquired bank had inadequate capital or unsound assets; or the institution taken over had inadequate provisions for management succession; or where there was an overbanked situation in a community.

This, however, was expressed as committee opinion, and did not find its way into the Celler bill as such. Mr. Celler did not refer to such circumstances as clearing the way for some mergers, in explaining the bill to the House before passage.

There was no clear indication at this writing what, if any, antibank-merger legislation might be taken

up in the Senate. Chairman Harley Kilgore (D., W. Va.) of the Senate Judiciary Committee, as chairman of an antitrust subcommittee of the full committee, had conducted extensive hearings on the need for antitrust legislation.

The report of this subcommittee was in preparation at writing. Initially it contained no recommendations respecting bank mergers especially, it was reported. Moreover, the tenor of the committee's approach heretofore has been to avoid recommending legislation dealing with specific industries or especial segments of the antitrust problem, in favor of a broad, over-all revision of these laws. However, at least one member of the subcommittee was in favor of the Senate's taking up and passing the Celler bill.

A Possible Approach

There was another possible legislative approach to achieve the goal of the President that all bank mergers should be regulated. That would be to have the appropriate bank supervisory officials pass on the antitrust aspects of a proposed bank merger, as well as all the other factors that would determine its desirability from a banking viewpoint.

There has been considerable speculation that the Senate Banking Committee might study this approach if the Celler bill were to pass the House. Some officials were believed to be pressing this suggestion. However, at this writing the Senate committee was too deeply involved in other legislation to reach a decision. Chairman Brent Spence (D., Ky.) of the House Banking Committee, although he has a bill for this purpose before his group, was not at the time interested in its consideration.

The Keating Bill

Another Presidential proposal in the Economic Report was that banks, in common with all other businesses, should give advance notice of prospective mergers.

Subsequently Rep. Keating introduced a bill for this purpose. It would require a 90-day advance notice to the Department of Justice and the Federal Trade Commission of an intent to merge where the resulting institution would have \$10,000,000 or more of assets.

During this 90-day period, the en-

forcement agencies would study the merger, and its consummation could not be brought about until the end of the 90-day period. This 90-day Government scrutiny would give a prospective bank merger no immunity from subsequent prosecution if the Department of Justice or the Federal Trade Commission later decided that the merger violated the antitrust laws. The bill specifically states that any failure of the Federal agencies to disapprove is no bar to further action.

While House committee hearings had included the subject of advance notice of mergers, neither House nor Senate committee up to the time this is written, reported out such a bill.

Thus banks would be subjected to a double-barreled control against mergers under pending, active proposals. Any and all mergers tending substantially to lessen competition would be subject to the veto of the Department of Justice and the bank supervisory agencies, and all mergers resulting in institutions of \$10,000,000 or more of assets would be held up until first scrutinized by anti-trust officials.

Robertson Bill Amendments

Due to opposition which developed as Congress met, the plan to take up the Robertson bill to regulate the growth of bank holding companies and to provide for the divestment

Banking Legislation Outstanding

THERE follows a brief listing of legislation directly or indirectly affecting banking, giving its legislative status at the time of writing:

| <i>Subject</i> | <i>Status</i> |
|-----------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| Celler antimerger bill | Passed House; Senate outlook unclarified. |
| Bank holding company bill | Spence bill passed House; Robertson bill tentatively slated for Senate consideration. |
| Lengthen national bank call return report time | Not yet active in either House or Senate committee, but probably little objection. |
| Savings & loan branching regulation | Passed Senate; House committee has no present plans to consider. |
| Farmers Home Admin. loans to part-time farmers | At present inactive in both Houses. |
| Postal savings, accelerated liquidation | No present signs of activity in either House committee. |
| GI WWII home loan guarantee extension | Discussed, passage this year in some doubt. |
| Waive one national bank exam each two years | Passed Senate; no present date set for final House Committee consideration. |
| Broaden residence requirement for national bank directors | Passed Senate; no present date set for final House Committee consideration. |
| Require bank merger advance notice | Awaiting consideration in both House and Senate committee. |
| Supervisory pay bill | Passed House; Senate committee awaits amendments from Administration before re-reporting to floor. |
| Stand-by Regulation W power | Proposed by President; little chance of enactment. |

of their holdings of nonbanking assets, with appropriate tax relief, did not get early consideration. (The House had last year passed the Spence bill, which in general followed more closely the ideas of the Independent Bankers groups.)

After three executive committee meetings, the committee adopted three tax amendments and 12 non-tax amendments, the latter not of a major character.

Chairman A. Willis Robertson (D., Va.), of the Senate subcommittee on banking matters, declared that with these amendments the committee had taken care of "every alleged injustice" any one interested in a bank holding company bill could assert. He said that only the Transamerica Corp. among the holding companies was thereafter "fighting the bill."

Further, the Senate committee held a hearing February 8 to which Transamerica, the First National Bank of Louisville Trustees, and the Trust Company of Georgia Associates were invited specifically to appear and, as it were, express finally their objections, if any, to the bill. There was not time for all witnesses so Transamerica was given a date later in the month.

Senator Robertson said that thereafter the bill would be ready for

consideration on the Senate floor. He indicated that he had a tentative scheduling of consideration to come after the farm law revisions were finished by the Senate. Thus if this tentative commitment has held, it should be taken up soon on the floor, assuming it has not already been considered by the time of publication.

However, Senator Robertson stated that his attempt to get the bill considered by the Senate was being hampered by officials of Independent Bankers groups. He said that they had asked independent bankers to wire their Senators to oppose the Senate (Robertson) bill "as too little and too late" and to support the House or Spence bill.

The Senator said his bill has been threatened with a flood of amendments which could cause "interminable debate." This, said the Senator, "has made the Senate leadership hesitant to take it up."

He stated that he has about reached the point reached by the late Senator Carter Glass of Virginia who, after two attempts to get out a bill, gave it up and made no further attempt. He noted that he had been "fighting for this legislation for five years."

On the other hand, the Senator asserted that, of 18 registered hold-

ing companies, all except Transamerica were backing the bill on the theory they would rather have a bill now than risk one later which might not be as fair to them.

Finally, President Eisenhower endorsed bank holding company legislation, also in his Economic Report. "Federal approval should be required for the acquisition of banks by holding companies," he recommended.

Other Bills Wait

Another facet of the situation respecting holding company legislation is that, until it is passed, certain other legislation is being delayed purposely in the House Banking Committee.

The committee is said to be disposed to avoid scheduling any hearing on the Senate-passed bill to set rules under which the Home Loan Bank Board may authorize Federal savings and loan associations to establish branches, and a proposal to regulate holding companies for savings and loan associations.

A new bill offered by the Comptroller would allow national banks 10 days instead of the present five days to return the information required on their quarterly call reports.

The House Banking Committee has held hearings on two of the Comptroller's bills. One would provide that at least two-thirds of the directors of a national bank (instead of three-fourths, as at present) must reside in the state in which the bank is located or within 100 miles of the bank (instead of 50 miles, as at present). The other would permit the Comptroller to waive not more than one required semi-annual bank examination each two years, the better to mobilize his examining force. No action has been taken on the bills at this writing. Both have passed the Senate.

Pension and Welfare Funds

President Eisenhower in his Annual Message said that he would propose legislation which would require the disclosure of the financial affairs of each employee pension and welfare fund to provide adequate information on the affairs of these funds and thereby to afford protection for the beneficiaries.

In a bill drafted within the Administration and introduced "by request" there are large implications for banks which handle these funds.

HAVE YOU SEEN

(1) The *Economic Report of the President*, with its complete catalog of economic and financial recommendations for the current year (with a terse summary beginning on page 99). Write to the Superintendent of Documents, Government Printing Office, Washington 25, D. C., and enclose 70 cents.

(2) A small, handy pamphlet giving the highlights of the budget and the Federal debt. Write to the Information Service, Treasury Department, Washington 25, D. C., for the pamphlet presented before the Joint Committee on the Economic Report, entitled *The Budget and the Public Debt*.

(3) An explanation of the President's "soil bank" program. Write to the Information Service, Department of Agriculture, Washington 25, D. C., for a copy of the Department's *Notice to Correspondents*, dated February 6, explaining the background and prospective workings of the "soil bank."

(4) The latest draft of the Administration's version of the flood insurance program. Write to the Hon. Prescott Bush, United States Senate, Washington, D. C., for the amended "S. 2862."

(5) The *Review of Federal Housing Programs*, the annual report of Senate Banking subcommittee on Housing. Write to the Senate Banking Committee, Senate Office Building, Washington, D. C., for a copy.

This bill would establish the Labor Department as the agency registering these funds. It includes not merely employee pension and welfare funds, but *all* corporate pension funds, whether sponsored by or related to labor unions or not.

The Secretary of Labor would have authority to determine by regulation what information should be reported. He would also have authority to determine how much of this information could be made public.

Bill for Higher Salaries

Last year the House passed a bill which broadly raised the salaries of the higher officials of the Federal administration, including the compensation of the chief bank supervisory officials. The Senate Civil Service Committee reported out a variation of the bill, but Senator Wayne Morse (D., Ore.) objected to its consideration by the Senate near the end of the 1955 session on the ground no hearings had been held.

Subsequently the Senate committee withdrew the bill from the floor, and it was announced that after hearings the bill would again be reported out with amendments, if any were found desirable.

However, the committee also wrote to the Budget Bureau asking if the Eisenhower Administration had any amendments to offer. There was a long delay in the Administration reply. It was this delay in getting back a reply from the Budget Bureau which committee sources said was responsible for delay in again taking up this bill.

Martin Confirmed

Chairman William McChesney Martin, Jr., was confirmed by the Senate for a full 14-year term on the Federal Reserve Board. He had filled an unexpired term which terminated Jan. 31. Mr. Martin was designated by President Eisenhower a second time to be chairman of the Board, a position which he may hold under this designation until April 1, 1959. With this re-appointment, there is a prospect for considerable stability in Federal Reserve policy for some years to come.

Huges Resignation

Rowland Hughes, a former vice-president of the National City Bank, resigned as Director of the Budget

(CONTINUED ON PAGE 146)

JAPANESE ECONOMICS:

A Knotty Problem for Us

HERBERT BRATTER

AMONG the various countries whose economic problems and prospects lean heavily on us, one of the more important is Japan. Formerly a formidable antagonist, circumstances have made Japan our protégé on the world's political and economic stage. With our support, Japan has been admitted to the World Bank and Fund, the GATT, etc. We have besought other countries to join us in allowing the Japanese to earn their way in world trade, as the Japanese indeed want to do. During the occupation we aided Japan to the extent of \$2-billion. Since then we have added \$150,000,000, while our offshore procurement and GI spending in Japan have contributed some \$3-billion more to Japan's recovery.

These sources of income, however, cannot be viewed as permanent; nor does Japan view them as such. Instead the Japanese are making strong efforts to earn their way in trade. More than in most countries, to do so is a desperate necessity, for Japan is not endowed with natural riches and must import the raw materials for its industry. Its teeming population, now much larger than prewar, is crowded onto its volcanic islands, no longer having access to Manchuria and China. Nor have its businessmen the prewar markets of now-communist China. They have, however, availed themselves of opportunities in southeast Asia, although in some countries reparations problems weigh heavily, while long-range U. S. technical and other aid may tend, through the industrialization of those countries, to make them self-sufficient in goods Japan makes. Although Japan had a good year in 1955, its prosperity is far from secure. Even with its enlarged population, Japan's exports in physical volume are only about half what they were prewar.

Latterly we have been hearing about the rapid increase of Japan's textile exports to the U. S.—yard-goods, blouses, and boys' shirts. While imports of Japanese cotton-goods last year were only about

1½% of our domestic production, their rate of increase has been rapid, and the U. S. industry's concern is understandable. In Washington the industry has been seeking statutory quotas to limit imports of Japanese textiles, a demand which has led Japan to impose government regulation of textile exports to this market not unlike the "gentlemen's agreement" negotiated under similar conditions of alarm in 1937. The Eisenhower Administration, of course, firmly opposes import quotas for Japanese textiles as opening the door to all sorts of other quotas and as being fundamentally in conflict with U. S. trade policy. Senator Walter F. George, moreover, holds that we must allow Japan to earn a living.

ALL this poses a fine point that involves more than the profits of a large American industry. Given free access to the big U. S. market, Japan undoubtedly could acquire a much larger share of the U. S. trade in cotton piecegoods, sheets, pillow slips, blouses, and other items, as could also other textile exporting countries; and this would mean that much less business and employment in the domestic industry. Why, then, debate the matter further; why not just limit imports from Japan?

From a national viewpoint the matter is not so simple. In the 1930s the pressures we brought on Japan to limit shipments of textiles, light-bulbs, and other items to the U. S., while effective from our viewpoint then, were a serious matter to Japan. The Japanese, whose surplus population was excluded here and in other countries and whose exports had to hurdle increasingly difficult barriers, turned ever more to the path indicated by Japanese militarists and jingoes. That our policies on Japanese trade played a role on the road to Pearl Harbor there is no question.

So today, in addressing ourselves to the problem of Japanese competition here, we should remember our history lesson.



The Joint Committee of the Country Bank Operations Commission and of the Bank Management Commission of the A.B.A. putting the finishing touches on the "Trends in Bank Costs" study. Clockwise, Henry M. Sommers, associate general counsel, A.B.A.; W. E. Mildren, president, Commercial Banking and Trust Co., Parkersburg, W. Va. (member, CBOC); H. E. Randall, vice-president and comptroller, First National Bank of Boston (member BMC); G. E. Cooper, vice-president and cashier, Philadelphia National Bank (member BMC); J. C. Welman, president, Bank of Kennett, Mo., and chairman, Country Bank Operations Commission; George R. Amy, deputy manager of the A.B.A. in charge of the CBOC; C. E. Betts, Jr., secretary, CBOC; C. A. Beaujon, Jr., president, Canaan (Conn.) National Bank (member CBOC); Eugene Yergey, member, Driscoll, Millet & Co., Philadelphia (consultant); and Charles Kammerer, assistant treasurer, County Trust Company, White Plains, N. Y., substituting for J. A. Kley, vice-president, County Trust Company (member, BMC)

TRENDS in Bank Operating Costs

New A.B.A. Study Provides Up-to-Date Cost and Earnings Data

A NEW booklet entitled *Trends in Bank Costs—1956 Edition* has just been completed by the Bank Management and Country Bank Operations commissions of the A.B.A. Copies will be mailed to all A.B.A. member banks within the next few weeks. This study brings up to date the data contained in the original booklet *Current Trends in Bank Costs*, which was published in 1949.

The new booklet represents another step in the continuous program of providing data to supplement the banker's knowledge of costs in his own bank and to acquaint him with changes that have taken place. In addition to showing recent cost and earnings information, the study analyzes changes which have taken place since 1948. The main objective of this study is

Checking Accounts

| | LARGER BANKS | | | SMALLER BANKS | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------|---------|---------------|---------|---------|
| | High | Median | Low | High | Median | Low |
| COSTS | | | | | | |
| Maintenance—per month..... | \$2.108 | \$.615 | \$.380 | \$.859 | \$ 4.96 | \$.262 |
| Deposit tickets..... | .283 | .155 | .105 | .275 | .159 | .084 |
| "On Us" checks: | | | | | | |
| Average..... | .088 | .050 | .033 | .120 | .069 | .037 |
| Cashed-over-counter..... | .256 | .123 | .082 | — | — | — |
| Transit or remittance items: | | | | | | |
| (Out-of-town checks) | | | | | | |
| Average..... | .053 | .021 | .011 | .060 | .035 | .018 |
| Cashed-over-counter..... | .248 | .097 | .060 | — | — | — |
| Deposited..... | .024 | .015 | .007 | — | — | — |
| Local clearing items: | | | | | | |
| Average..... | .047 | .017 | .005 | .042 | .025 | .014 |
| Cashed-over-counter..... | .248 | .094 | .054 | — | — | — |
| Deposited..... | .027 | .010 | .004 | — | — | — |
| Net rate of yield on average total demand deposits—per annum (after loaning costs but before reductions for float, reserves, reserves for bad debts or profits) | | | | | | |
| | 4.830% | 2.004% | 1.260% | 2.856% | 2.420% | 1.894% |

Other Items and Transactions

| | LARGER BANKS | | | SMALLER BANKS | | |
|------------------------------------------|--------------|---------|---------|---------------|---------|---------|
| | High | Median | Low | High | Median | Low |
| COSTS | | | | | | |
| Bank drafts..... | \$.782 | \$.283 | \$.140 | \$.435 | \$.199 | \$.105 |
| Bank money orders..... | .429 | .215 | .120 | — | — | — |
| Cashiers checks..... | .782 | .290 | .140 | .435 | .213 | .105 |
| Certified checks..... | 1.306 | .567 | .240 | — | — | — |
| Collections—average..... | 2.420 | .750 | .400 | 2.722 | 1.280 | .655 |
| U. S. Savings Bonds— redemptions..... | .747 | .177 | .080 | .762 | .348 | .183 |
| Stop payments..... | 2.528 | 1.430 | .268 | — | — | — |
| Payroll checks cashed—average.. | .282 | .087 | .053 | — | — | — |

to present a general picture of bank costs for comparative purposes. It emphasizes the point that "while information as to a bank's own costs is essential in determining service charge and related policies, other factors, such as competition, public relations, earnings on funds, amount of desired profit, etc. must also be considered. Each bank in the exercise of independent judgment must determine its own policies."

The figures presented in the six tables represent a brief resume of the data included in the booklet.

Special Checking Accounts

| | LARGER BANKS | | |
|------------------------------------------------------------------|--------------|----------|----------|
| | High | Median | Low |
| COSTS | | | |
| Maintenance—per month..... | \$.780 | \$.390 | \$.087 |
| Deposit tickets..... | .228 | .133 | .045 |
| "On Us" checks paid..... | .102 | .057 | .038 |
| Remittance items deposited..... | .029 | .018 | .007 |
| Local clearing items deposited..... | .020 | .009 | .004 |
| BALANCES MAINTAINED | | | |
| Average balances..... | \$334.00 | \$175.00 | \$ 85.49 |
| ACTIVITY | | | |
| Deposits— average number per month..... | 2.4 | 2.0 | 1.2 |
| Checks drawn— average number per month..... | 8.0 | 6.5 | 2.3 |
| Remittance items deposited— average number per month..... | 3.8 | .8 | .1 |
| Local clearing items deposited— average number per month..... | 3.2 | 1.2 | .1 |

Average Cost Per Special Check

By using your bank's figures the following example method will enable you to project the average net cost per special check in your bank. Median figures as shown in the table at left above have been used in the example to illustrate activity, costs, earnings, and balance maintained. The example is shown for illustrative purposes only and should not be construed as applying to any particular bank.

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Maintenance—per month..... | \$.3900 |
| 2.0 Deposit Tickets @ \$.133..... | .2660 |
| 6.5 "On Us" Checks @ \$.057..... | .3705 |
| .8 Remittance Items Deposited @ \$.018..... | .0144 |
| 1.2 Local Clearing Items Deposited @ \$.009..... | .0108 |
| TOTAL COST PER ACCOUNT PER MONTH..... | \$1.0517 |
| Less: Earnings on Average Balance of \$175. @ 2.004%..... | .2917 |
| (\$175. × 2.004% = \$3.507 ÷ 12) | |
| NET COST PER ACCOUNT PER MONTH..... | \$.7600 |
| AVERAGE NET COST PER SPECIAL CHECK..... | \$.1169 |
| (Net cost per account per month ÷ average number of checks drawn per account per month = average net cost per special check—\$.760 ÷ 6.5 = \$.1169) | |

Savings Accounts

| | LARGER BANKS | | |
|-----------------------------------------------------------------------------|--------------|---------|---------|
| | High | Median | Low |
| COSTS | | | |
| Maintenance—per year..... | \$5.280 | \$.960 | \$.408 |
| Deposits..... | .560 | .270 | .150 |
| Withdrawals..... | .568 | .290 | .150 |
| Checks cashed..... | .291 | .191 | .036 |
| Opening account—including deposit.. | 2.362 | 1.274 | .774 |
| Closing account—including withdrawal..... | 1.327 | .640 | .456 |
| EARNINGS | | | |
| Net rate of income obtained from investment of savings funds—per annum..... | 3.482% | 3.010% | 2.110% |
| BALANCES | | | |
| Average balance of accounts..... | \$1,756. | \$960. | \$572. |
| ACTIVITY | | | |
| Deposits—average number per account per year..... | 4.0 | 3.1 | 1.3 |
| Withdrawals—average number per account per year..... | 2.7 | 1.8 | .7 |
| Effective rate of interest paid—per annum..... | 1.867% | 1.420% | .617% |

Profitability of Savings Accounts

By using your bank's figures the following example method will enable you to project the annual profit or loss on various size savings accounts. Median figures in the table at right above have been used in the example for illustrative purposes only and should not be construed as applying to any particular bank.

| BALANCE | \$50. | \$100. | \$150. | \$200. | \$960. |
|--------------------------------------------------------------|-----------------|-----------------|----------------|----------------|-----------------|
| COSTS | | | | | |
| Maintenance..... | \$.960 | \$.960 | \$.960 | \$.960 | \$.960 |
| 3.1 Deposits @ \$.270..... | .837 | .837 | .837 | .837 | .837 |
| 1.8 Withdrawals @ \$.290..... | .522 | .522 | .522 | .522 | .522 |
| Total Costs..... | \$2.319 | \$2.319 | \$2.319 | \$2.319 | \$2.319 |
| Less: Earnings on Funds @ 3.010% per annum.... | 1.505 | 3.010 | 4.515 | 6.020 | 28.896 |
| Net Profit or Loss Before Interest..... | \$.814* | \$.691 | \$2.196 | \$3.701 | \$26.577 |
| Interest Paid—Effective Rate 1.420% Per annum.. | .710 | 1.420 | 2.130 | 2.840 | 13.632 |
| Net Profit or Loss—Per annum—After Interest Paid..... | \$1.524* | \$.729* | \$.066 | \$.861 | \$12.945 |

* Loss.

In Making Flood Disaster Loans

California Banks Set a Pattern

JACK MILLER

The author is a financial writer on the staff of THE SAN FRANCISCO NEWS.

THEIR cooperation was wonderful. Their participation unprecedented. And I'm hopeful what they did and are doing will set a pattern for the rest of the country in future disasters."

These bouquets were tossed at the California bankers by the head of the Small Business Administration in Washington, D. C., when he visited the flood stricken region recently.

Wendell B. Barnes, SBA administrator, made a flying jaunt to the West Coast to get a first-hand view of the disaster area some three weeks after the first floods struck.

He praised the local bankers for their working together with the SBA to establish machinery to provide emergency loans for flood victims based on experience gained from the New England disaster last year.

"We simplified the procedure in California," Mr. Barnes explained. "We cut down on the red tape, shortened the printed forms required of loan applicants, and arranged for the banks to furnish interim financing."

Other improvements, also, were instituted to streamline the disaster operation in California, the SBA chief noted.

In the New England setup, all SBA loans were made through SBA's 23 hastily set up offices. Emergency offices were established in key cities on the West Coast too, he said. But, in addition, a general agreement was worked out with the banks empowering them to consummate SBA loans without prior SBA approval.

The result: in California, the banks made almost half of the SBA loans. "They used their facilities, their personnel, advanced money and then notified the SBA," Mr. Barnes explained.

This made for a "harmonious ar-

rangement" all around. It expedited loans and saved the Government lots of money, he added. "The loan applicant could deal with his own banker with whom he was acquainted. The banker wrote out the credit report and handled all the other paper work."

This procedure multiplied SBA's effectiveness manyfold and stepped up the lending pace considerably, he observed.

Greater emphasis also was placed on participation loans in California than in New England, Mr. Barnes said. "Only about 100 out of some 2,200 loans made in New England were participation loans. In California, the rate was running about 50%."

This participation was stepped up partly by SBA's sweetening terms offered the banks. The $\frac{1}{4}$ of 1% the banks had to pay on the SBA portion of the loan was waived in California early in the program on home loans. In short order, the same terms were offered on business loans, too.

(The loans to home owners are for 20 years; business loans, 10 years. Bank participation is not less than 10% in loans up to \$20,000. Between \$20,000 and \$100,000, bank participation is 25%.)

As in New England, advisory boards were set up at each of the SBA emergency offices on the West Coast. The banks contributed personnel at no cost to the Government to help SBA officials, Mr. Barnes said.

Recalling first reports of the California flood disaster that reached him in Washington the day before Christmas, the SBA head said he immediately dispatched his deputy administrator, Donald A. Hipkins, to the San Francisco SBA regional headquarters.

"He coordinated the operation. I kept in touch with him and other

(CONTINUED ON PAGE 139)

Flood devastation at Guerneville, California



What about Controls over Instalment and Mortgage Credit?

E. SHERMAN ADAMS

WHAT, if anything, should be done about regulating consumer instalment credit? And what, if anything, should be done to coordinate or expand measures affecting real estate credit?

A survey conducted by the Department of Monetary Policy among prominent bankers and economists reveals a wide diversity of viewpoints regarding these questions. All of the participants approached these problems from the standpoint of the broad public interest. Their replies demonstrate that there is ample room for honest differences of opinion as to the role that selective credit controls should play in our economy.

This subject has received considerable attention recently because of the rapid expansion of both instalment and mortgage debt over the past several years, as reflected by Charts I and II. It should be emphasized, however, that we are not concerned here with whether direct restraint should be imposed *at the present time*. The question is whether, as a long-run proposition, we should provide for more regulation or at least better coordination of existing measures affecting these types of credit.

The Basic Issue

From the standpoint of the public welfare, the central issue is whether some changes in these areas would be desirable as a means of helping to stabilize our economy. Booms and recessions have almost invariably been accentuated by rapid

THIS article is based on a survey conducted by the Department of Monetary Policy of the American Bankers Association among about 50 leading bankers and economists. It delineates varying viewpoints with respect to controls affecting instalment and real estate credit.

Its purpose is to contribute to a better understanding of the problems involved. There is no intention here to endorse any particular point of view and nothing in the article should be regarded as constituting the views of the American Bankers Association.

This is the second of two articles concerned with the broad problem of how monetary management might be made more effective. The first article, which appeared in the February issue of *BANKING*, dealt with various possibilities for improving general monetary policy.

Reprints of both articles, in reasonable quantities, are available on request.

The author is deputy manager of the American Bankers Association in charge of the Department of Monetary Policy.

debt expansion followed by debt liquidation. Now that instalment and mortgage credit have become so important, should they be regulated directly to keep them from upsetting our economy?

None of the participants in our symposium shows any relish for selective credit controls as such. On the other hand, almost all of our contributors agree that large swings in the volume of instalment credit or of mortgage credit, or both, *could* some day cause serious economic trouble.

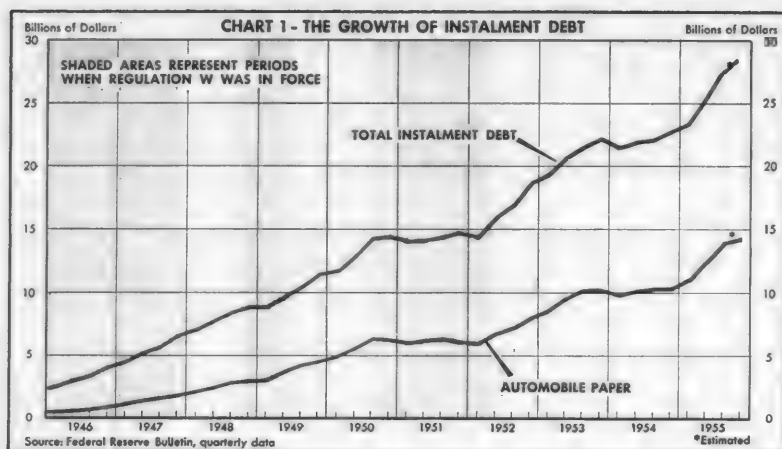
So the question is: Should we use selective controls to moderate these swings? The answers received reflect a weighing of the possible benefits that might actually accrue in terms of greater economic stability as against the disadvantages connected with this type of regulation.

The thinking of some is dominated by a strong distaste for direct Government controls. Others doubt their effectiveness. Those who favor more controls are not blind to their disadvantages but are even more impressed by the urgency of trying to combat inflation and deflation, and believe that these controls can help.

Areas of Concord and Controversy

One could probably find a few extremists here and there who believe that selective credit regulation should be used frequently and vigorously. At the opposite extreme are some who regard all direct controls as absolute anathema. The opinions of all of our participants, however, lie in the broad area between these two extremes.

There is widespread agreement,



for example, that chief reliance should be placed upon general rather than selective credit controls, and that selective regulation should never be used to restrain credit except as a supplement to a restrictive general credit policy. Most of the participants also agree, however, that selective controls may be useful *under certain circumstances*.

But opinions differ considerably as to just what kind of conditions might justify using these controls. Regulation of stock market credit is generally regarded as desirable, but regulation of instalment or real estate credit would have much greater and more complex ramifications.

Some would resort to direct controls in these two areas only in an extraordinary emergency, such as war. Others believe they should be used more frequently to reinforce an anti-inflationary monetary policy, especially if dangerous excesses appear to be developing in these types of credit.

Are General Controls Enough?

These differing opinions reflect divergent judgments regarding the efficacy of general credit policy. Through its open market and discount rate policies, the Federal Reserve can exert considerable influence on the *over-all* supply of credit. Can these general controls, skillfully employed, do an adequate stabilizing job alone?

Varying degrees of confidence on this point are evidenced in the replies. Some say that, if general monetary policy is wisely administered, the dangers inherent in instalment and mortgage credit can be "largely eliminated" — though they differ as to whether this im-

plies a more vigorous use of general credit controls. The president of a midwestern bank substitutes the word "measurably" instead of "largely." The chairman of a New York bank states simply that the risk will be "reduced."

Many agree with the position of the chairman of another large eastern bank who describes himself as "a firm believer in, and advocate of, a flexible credit policy" but thinks that at times "even the most skillful handling of general monetary policy would not solve the problem."

A western banker opposes selective controls on the following grounds:

"In a free enterprise system, it must be expected that housing and consumer durable goods will account for a much larger proportion of total economic activity at some times than at others. It is not the responsibility of the monetary authorities to assure that expansion in any one area of activity, such as housing or automobile production, proceeds only at such a rate as can be sustained. To depart from this principle inevitably leads step by step into one set of controls after another."

By way of contrast, an eastern banker asserts:

"While it is true that overly rapid expansion of particular types of credit will reduce the volume of credit available for other purposes, nevertheless the end effects may be unfortunate. In the 1920s, for example, a large amount of credit was siphoned off into stock market activity, and this had broad repercussions on the whole economy."

Similar differences of viewpoint are reflected in the replies from economists not associated with banks. A professor of finance at a

midwestern university remarks: "I have the feeling that we have to accept and live with some economic factors that are inherently unstable." From an eastern university comes the observation that general monetary policy "is not enough if Government underwriting of mortgages is liberalized excessively."

How Serious Are the Lags?

One root of the problem, of course, lies in the fact that the direct impact of general monetary policy is on the banking system, whereas most instalment and real estate credit is extended by nonbank lenders—insurance companies, savings and loan associations, finance companies, and so forth. Consequently, these types of credit do not always respond readily to the influence of Federal Reserve policy.

A well-known bank economist sums up his attitude as follows:

"General credit policy can undeniably have some restrictive effect on the growth of real estate and consumer credit. At the same time, it must be recognized that general credit restraint is frequently not effective as rapidly as may be desired, for example in curbing the tendency to relax lending terms and standards which often accompany a business boom."

An opposing view is presented by a midwestern bank president: "We do not believe the lag effects on mortgage and consumer credit will be particularly dangerous." Another midwestern banker concedes that there is "some danger" in this situation, but he is nevertheless opposed to selective controls "which experience demonstrates merely transfer the ills they are designed to remedy to other ills which they in turn create."

Some contend that selective controls would make it possible to curb excesses in instalment or real estate credit, which might not be curbed effectively by general credit policy unless it were pushed to a dangerous extreme. As one economist puts it, "these supplements to general controls would permit more flexible action when one sector gets far out of line early in the boom, without risking overshooting the mark through more generally restrictive measures."

A business economist is even more emphatic. He warns that "the danger is using general credit control

to get at specific problems," and that if too much reliance is placed on over-all restraint, it may lead to "burning the barn to catch a rat."

The Problem of Instalment Credit

So far we have been lumping instalment and mortgage credit together. There are, however, important differences between them from the standpoint of possible regulation.

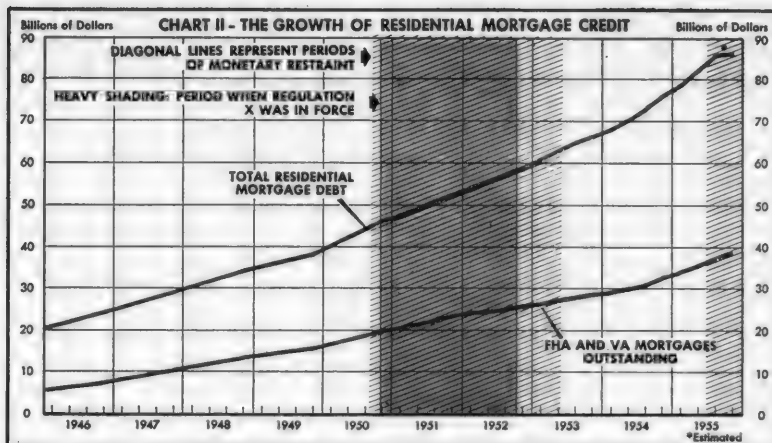
Let us look first at instalment credit.

The great majority of bankers and economists contributing to our symposium agree that swings in the volume of consumer instalment credit may have seriously unstabilizing effects upon the economy. Some, for reasons suggested above, would do nothing to influence the terms of this lending as a method of reducing this danger. Many, however, think that *something* should be done in this direction.

Of these, some advocate formulating a schedule of suggested maximum terms for various types of instalment credit and then urging all lenders to observe it on a voluntary basis. Most of the participants, however, are skeptical of this idea.

The majority view is that it simply would not work. And none thinks that it would make sense to establish such a schedule by Federal legislation.

The big question is whether there should be stand-by authority, presumably vested with the Federal Reserve Board, to regulate the terms of instalment credit. This proposal has received increasing attention in recent months. It has been publicly advocated by the president of the Federal Reserve Bank of New York and by a number of others. President Eisenhower has recommended that it be studied by Congress.



Opinions Regarding Stand-by Authority

As might be expected, our survey reveals considerable diversity of opinion on this issue. Most of the economists favor granting the Reserve Board this authority, though some would like to see limitations placed upon its use. Opinion among the bankers participating in our survey is more evenly divided.

It would surely be unfair to infer from this that the views of some of these bankers are warped by self-interest. Bankers have had more opportunity than economists to see Regulation W in operation at close range. Their judgment regarding the desirability of this type of regulation may naturally be influenced by this more intimate knowledge of how it actually works.

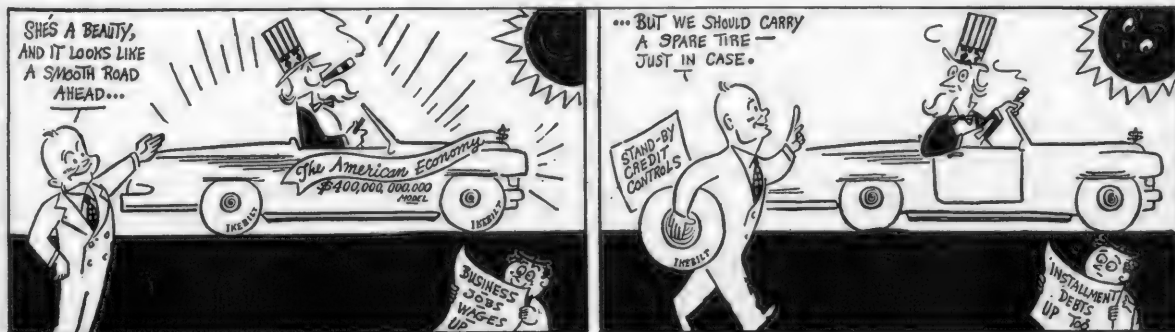
The replies indicate that within recent years some have shifted from opposition to advocacy of instalment credit regulation. For one thing, experience since 1950 with and without Regulation W, as shown by Chart I, has demonstrated that this type of restraint does have a significant effect upon the volume of instalment credit. Also, the rapidity with which this credit has increased

over the past several years has caused some observers to regard it as being more dangerous than they had previously assumed. This apprehension has been enhanced by the relaxation of credit standards that has developed in automobile financing over the past year.

Some who oppose the proposal contend that, if circumstances do arise which justify such control, Congress can then act accordingly. They feel that this is not the kind of regulation that the Reserve Board should be able to impose at its own discretion.

Others hold that, if the Board must go to Congress for this authority in an emergency situation, the attendant publicity may arouse inflationary fears among the public. It is also argued that this process may involve considerable delay and encourage people to accelerate their buying to beat the controls. This did happen, to some extent, after the outbreak of the Korean conflict before Regulation W could be put into effect. As one economist expresses it, "I would consider the Federal Reserve better equipped for its task if it had this power con-

(CONTINUED ON PAGE 156)



YARDLEY IN THE BALTIMORE SUN

Old New Haven's NEW LOOK

*How a City Healed Its Blight with Help from Banking,
Business, Politics and the Whole Community*

MAYOR RICHARD C. LEE

AN OLD New England city is rebuilding itself with outstanding leadership and invaluable assistance from bankers, in particular, and from the business community generally.

New Haven is an old city, first settled in 1638 by London Puritans. Its nine original squares with their original Central Green made it the first planned city in America. The Central Green remains today in all its glory. The Proprietors of the Green (or the Common and Undivided Ground, as it is officially known) have preserved it against all encroachments. They are descendants of the original settlers. Their presiding officer is the respected chairman of the board of the Second National Bank and Trust Company, Louis L. Hemingway.

I wish I could say that the rest of

The mayor of New Haven, Conn., discusses here the factors which impelled his city to undertake a program that would "build for a better day for New Haven." He also describes how the program was set up and some of the principal projects that it has caused to materialize.

In a later article Mayor Lee will outline the 10 basic elements of the New Haven program which he believes are likely to be essential to the success of a similar program anywhere.

the original nine squares had withstood the ravages of time and change as well. The sad fact is that they have not. Like much of the rest of old New Haven, they have

suffered grievously from the spread of slums and blight.

Today, 165,000 people live in New Haven itself and an equal number in the attractive suburbs around it, and the area is a prosperous one, by and large. The American mass production system got its start in New Haven when Eli Whitney invented his system of interchangeable parts. Long famous for skilled craftsmen, New Haven was known throughout the world for small arms, carriages, and clocks. Once it was a great port, its clipper ships well known in the China Trade.

New Haven is, of course, known throughout the Western world as the home of Yale University, one of the oldest and greatest of our nation's institutions of higher learning. Today, with its 7,000 students, academic and administrative staff of over 3,000, and its \$20,000,000 annual budget, Yale is one of the most important factors in the life of the New Haven community.

Despite all these strengths, thoughtful New Haveners, some time ago, became worried about their city's future. There were too many empty stores downtown. Streets were jammed with traffic. There were no places to park. There were too many old center city buildings that could not be rented above the first floor. A slum, the city's worst, was spreading rapidly and threatening the business district. Old neighborhoods were threatened by overcrowding and by blight. Industry was doing its growing outside the city's borders.

There was good reason for concern. Retailers were alarmed at the growth of suburban shopping centers with ample, free parking space. Municipal officials were increasingly

Model of the Oak Street Redevelopment Project, with the Connector (relocated Route 34) running through it. This slum clearance is made possible by a \$6,500,000 Federal loan and grant contract, and private enterprise will produce approximately \$15,000,000 in new construction



concerned about the city's tax base. Bankers became more and more reluctant to put up mortgage money for property in a growing belt around the central core of the business district, the so-called "inner circle," where blight strikes hardest in cities everywhere.

To be brief about it, too many people were beginning to think that New Haven was no longer a good risk.

What could be done? Where should we start? There were some of course, as there always are, who prefer the ostrich approach and incline to the belief that talking about trouble only makes things worse. But the more responsible leaders decided that something had to be done.

As discussion intensified two central facts became quite clear. No one individual or group in the community could do the job of rebuilding alone. A retailer could not solve his parking problem by himself. A property owner could not modernize his holdings if those on the rest of the block continued to be rundown. A banker, just because he saw what the long-range impact would be on the city as a whole, could not, by himself, liberalize his standards and take undue risks in the community's interest. Even the business community as a whole, organized in an energetic, progressive Chamber of Commerce, could not do the job alone.

The city government, possessed though it was of broad powers to acquire land, borrow money, widen streets, build parking garages, enact housing codes, and adopt zoning ordinances, was not big enough or strong enough to do the job without citizen support.

A Lesson in Cooperation

In other words we learned that we all had to work together if we were going to build for a better day for New Haven.

Equally important, we learned that all of our urban problems—traffic, parking, slums, blight—are inter-related; that we could not tackle any one by itself; that we needed a broad-gauge "workable program" designed to do the whole job.

During the first eight months of my administration I spent countless hours with business leaders, Chamber of Commerce executives, and other community-minded people preparing our workable program.



Joined in a united effort to solve New Haven's over-all problems are, left to right, Mayor Richard C. Lee; A. Whitney Griswold, president of Yale University; Carl G. Freese, president of the Connecticut Savings Bank and past president of the Chamber of Commerce; Maurice E. H. Rotival, planning consultant to the city and the Citizens Action Commission

Concurrently, down in Washington the Congress was considering the "workable program" recommended by President Eisenhower as a prerequisite to Federal financial aid. This requirement, by the way, is one which we fully support.

Culminating this period of study

Urban renewal includes the rehabilitation of run-down buildings which can be restored and made to serve a long, useful life. The Wooster Square project will preserve many such dwellings, removing only those which cannot be economically saved



and discussion, in September 1954, I appointed a Citizens Action Commission to work with the administration in carrying out these objectives. From the first, bankers in the New Haven area have played a prominent part. CAC's chairman is Carl G. Freese, president of the Connecticut Savings Bank, a leading citizen of this state and a fitting spokesman for the community. In one short year, Mr. Freese's tireless energy and his certain judgment have contributed mightily to the work we set out to accomplish. With him on the commission were appointed top representatives of industry, Yale University, the public utilities, the clergy, the Chamber of Commerce, law, construction, labor, the railroad, and retail business. This group serves as a "municipal cabinet" and strong right arm for our New Haven program. These gentlemen have joined in helping to make our city a vigorous, healthy urban center for our own citizens and for our 15 neighboring towns.

The Citizens Action Commission is not just a collection of names; it is a functioning group. CAC has a budget of about \$30,000 a year provided by private sources; it has a full-time staff with a highly compe-

(CONTINUED ON PAGE 70)

METHODS and IDEAS

Operating Procedures

BANKING dropped in at the 1956 Bank Operations Clinic of the Pennsylvania Bankers Association, and it was a day well spent. We have room only for some highlights of our Philadelphia visit, for the program was tightly packed and space is limited.

The two days, as usual, brought "big city" and "country" bankers to the University of Pennsylvania campus for one of those idea exchanges that stimulate and educate. The University's Wharton School of Finance and Commerce cooperated by providing not only meeting rooms, but by lending its dean, Dr. C. A. Kulp, and a couple of professors. And Ben H. Wooten, president of First National Bank in Dallas, came up from Texas to tell the 500 Keystone Staters how important operations are in public relations. (See page 49.)

PBA President C. A. Sienkiewicz, president of Central-Penn National in Philadelphia, set the pitch by noting that the clinic aimed at overcoming "all ivory-tower vacuums" and becoming objective. To that end, bankers spent one conference afternoon in separate sessions, large banks exploring automation—"where we are today and what's ahead"—while the smaller banks looked at new ideas in operations.

One Bank's Experience

THE moderator of the automation panel was John A. Kley, vice-president, The County Trust Company, White Plains, and a member of the A.B.A. Bank Management

Commission. He pointed out that automation was a normal expansion of the growing economy, and that three basic concepts underlie it: economy of operation, improvement of accounting records, increased management and control. Mechanization's purposes are increased productivity, lower costs, and better service to customers.

Benjamin W. Taunton, assistant manager of The First National Bank of Boston's control division, reported on that bank's 25-year experience with mechanization, such as punch-card accounting apparatus. When the newer, faster equipment comes into use, he said, "we shall almost certainly use punch-cards in many applications as one means of input into the more modern systems."

Mr. Taunton advised banks to continue to mechanize with presently available equipment; they should not postpone conversion of their procedures to a punch-card accounting system, "where it appears economically feasible to convert," pending arrival of the newer equipment. "The experience to be gained in the conversion, the immediate savings, and the fact that many records will be in a condition for a more rapid and economical conversion into the

PBA's automation panel, *l. to r.*: J. Lewis Nungesser, assistant vice-president, The Philadelphia National Bank; Benjamin W. Taunton, assistant manager, control division, The First National Bank of Boston; Raymond C. Kolb, assistant cashier, Mellon National Bank & Trust Co., Pittsburgh; moderator, John A. Kley, vice-president, The County Trust Co., White Plains, N. Y.

Operations panel, *seated*: Moderator George W. Gender, treasurer, Tradesmens Bank & Trust Co., Philadelphia; Frank Marsh, executive vice-president, The Altoona Trust Co.; Raymond R. Stoner, comptroller, Dauphin Deposit Trust Co., Harrisburg; *standing*, O. Albert Johnson, vice-president, Hamlin Bank & Trust Co., Smethport; Homer B. Moyer, comptroller, Miners National Bank of Wilkes-Barre



[illegible]

language of the electronic data processing systems, are advantages we should immediately seize upon," he said.

Reporting that rapid progress was being made toward the commercial appearance of check-handling input equipment that will enable banks to take advantage of electronic data processing systems now available, he added: "We may anticipate that such equipment will be available within the next two years." Indeed, there'll probably be a chance to order it this year.

With that in view, he advocated that banks make careful studies of their deposit accounting and other procedures; such analyses are prerequisite to the "intelligent selection of equipment."

The First National of Boston is organizing its own procedures in anticipation of the new machines. Researchers are now analyzing present check-handling operations, and flow-charting them for a general-purpose electronic data processing system.

The studies comprise an analysis of forms and flow charts showing how these forms are used. The bank devised a "Data Processing Form Fact-Finder" (see illustration) which is filled out for each form. In addition to providing facts, it is also the basis for study of digital storage requirements for the data and the volume of transactions.

[illegible]

First National also has a simple means of flow-charting present procedures. This chart provides an exact detail of a procedure which can be used later in comparative cost studies; it also gives a complete picture of how data are processed in the bank. A limited number of symbols are used with the flow chart, thus making the work relatively easy.

FOUR general suggestions to help bankers establish a solid basis for their automation studies were offered by Raymond C. Kolb, assistant cashier, Mellon National Bank & Trust Company, Pittsburgh:

"(1) Assign to a specified group of people within your bank the task of becoming oriented in the field. Knowledge of bank operations, tabulating systems and procedures, and auditing are important in this area of work. Select your group so that these skills are covered.

"(2) As to becoming oriented, several possibilities exist: schools conducted by the equipment manufacturers, courses now given by some universities, visits to companies now using electronics, reading appropriate literature, and attending computer conferences all have merit. They will tend to provide the broad knowledge necessary to evaluate rather than the technical knowledge necessary to operate—and what is required first is

"(3) Select areas for study and commence the study by writing down in detailed form—with flow charts and other visual aids—the complete procedures as they now exist within the selected areas. It is inconceivable that new developments can be considered without full knowledge of present systems, procedures, and costs.

"(4) Revise, simplify, and rework present procedures within the framework of equipment now being utilized. It is generally found in studies such as this that benefits accrue merely from making the study without any transition to advanced mechanization or automation. It would be a shame, for example, to mechanize or automatize a procedure which was redundant in the first place."

A FEW of the major problems that may occur *before* automation in check - handling and bookkeeping were listed by J. Lewis Nungesser, assistant vice-president, The Philadelphia National Bank. They include:

The kind of equipment to order, assignment of account numbers, whether the check-carrier plan will work, achievement of a common machine language, whether a bank can number its accounts without knowing the machines it will use, whether

(CONTINUED ON PAGE 142)

G. Edward Cooper, vice-president, The Philadelphia National Bank, and chairman of the PBA Bank Operations Clinic Committee



Public Relations

*Advertising . . . Promotion . . . Business Development . . .
Community Relations*

"Outsiders" Look at a Bank

THE 1955 report of FIRST NATIONAL BANK IN DALLAS includes an unusual "addendum." It's titled "An 'Outside' Look at First in Dallas" and it comprises two articles about the bank by men who aren't connected with it.

Fred Gipson, author of books and stories about Texas, contributes "The Bank Without a Watch-Chain Belly." Donald I. Rogers, business and financial editor of the New York *Herald Tribune*, writes "Aggressive Conservatism." Both articles are about the bank, Mr. Gipson's stressing the human side, while Mr. Rogers' is more about the bank's growth and its services to the Southwest.

Bank Polls Directors on Outlook

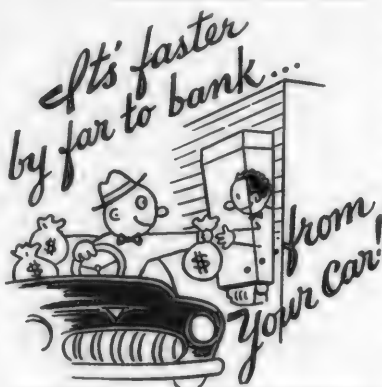
CITIZENS AND SOUTHERN NATIONAL BANK and affiliates in Georgia polled the directors on the outlook for 1956, and the results made a news story.

Of the 107 responding to the survey, 84% felt that 1956 would be as good a business year as last, or "about the same." Within their own industries 75% foresaw continued prosperity in 1956. Only 11% predicted that the boom would end in a depression.

To the question "Do you anticipate a war with Russia?" 61% said "No." Twenty-nine percent replied "In the next 10 years," 6% in the next five years.

Promoting a New Branch in a Shopping Center

WHEN UNION & NEW HAVEN TRUST COMPANY decided to put a branch in a new \$7,000,000 shopping center near New Haven, Conn., it set up a promotion-development plan a year in advance.



Louisiana National Bank, Baton Rouge, circulates an ingenious accordion-like folder to promote its drive-in. Several of these circular pages radiate from a center; on each is a cartoon pointing up one reason why you should "Bank at the wheel of your Automobile!"

The program had four objectives: to let the market area know the bank was coming; to attract people to the branch during the center's early weeks; to build usable mailing lists of prospective shoppers; and to stimulate a desire to do business with the trust company.

This project was carried out with a variety of advertising and promotional media. First step was a questionnaire to 16,000 area residents asking what bank services they'd like. The 4% return provided valuable indicators of the probable demand for safe deposit boxes, evening hours, special checking accounts, etc. It also created a good mailing list.

Just before the opening seven billboards in the center's area spread the word of the new branch.

Opening week activity included a "Money and Banking" question contest (see illustration) for \$1,000 in prizes, all money being used to buy goods available at the center.

First day features included free shopping bags, gifts for new account openers, and distribution of the contest blanks, nearly 2,000 of which were mailed back to the bank.

A Thrift Promotion Package

THE Indianapolis banks, through their clearing house association, developed a thrift promotion plan which, although framed for a spe-

This is the contest questionnaire used by the New Haven bank at its branch opening

HOW MUCH DO YOU KNOW ABOUT MONEY AND BANKING?

- How many times does the word **ONE** appear on a one-dollar bill?
ANSWER: _____
- Which of these amounts can be paid with four coins — all in current circulation and all different?
CHECK ONE: _____
a. \$1.60
b. \$1.80
c. 40¢
d. 32¢
- Listed below in Column A are some of the banking services available at the new Plaza Office. From Column B match the word or phrase most closely associated with each service shown in Column A and place its number in the space provided:

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| — A — Checking Account Personal Loan Savings Account Safe Deposit Box Mortgage Treasury Checks Night Depository U.S. Savings Bonds | — B — 1. Sold and Redeemed 2. Accepted the World Over 3. Permanent Receipt for Bills 4. Rainy Day 5. 24-Hour Service 6. Installment 7. Home Ownership 8. Vault |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
- In banking, the letters **F. D. I. C.** stand for what?
ANSWER: _____
- The great majority of all commercial banks in the United States are:
CHECK ONE: _____
— owned entirely by the Government
— owned in part by the Government
— owned by individuals known as stockholders
- The following statements are true or false. Mark your answer in boxes at right.

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. Deposit insurance is paid for by the Federal Government. b. To obtain a personal loan from the Trust Company, an individual must be a depositor of the bank. c. No minimum balance is required in a Trust Company checking account. d. Periodic statements of a bank's financial condition are public information. e. Every day in this Country, more than \$10,000,000,000 change hands. What percentage of this money is exchanged by check? Select the figure you believe is most nearly correct: 10% 25% 50% 75% 90% | True <input type="checkbox"/> False <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> 1% <input type="checkbox"/> 25% <input type="checkbox"/> 50% <input type="checkbox"/> 75% <input type="checkbox"/> 90% |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
- The Trust Company's Plaza Office makes it easy for the customer to transact his business. There are a number of ways in which a person can make a deposit without even going inside the bank building. Name one.
1. _____
2. _____
- People use safe deposit boxes to safeguard a variety of valuables. Which of the following statements correctly describes the manner in which a safe deposit box may be opened?

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| a. The bank has a "master key" which will permit it to enter a renter's safe deposit box without using his key or obtaining his permission. b. The vault attendant has a "guard key" which, together with the renter's key, will open the box. Neither key alone will open the box. | Check One <input type="checkbox"/> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
- What, in your opinion (and in 25 words or less), are the advantages of a personal checking account?

BANKS and PEOPLE

Stories That Make News

The Fishing's on the Bank!

YOU'D hardly expect a bank to be the hero of a fishing story, but that's the way it is in this one.

Some 15 miles from Opelousas, in the state of Louisiana, there's a tract of land and water fair to see and even fairer to fish. The deep bayous and small lakes provide a sanctuary where you can get away from it all and, with any luck, take your share of bass, bream, and *sac-a-lait*. (If you want to call the last ones by their dictionary name, crappies, that's O.K. with us.)

Once upon a time this happy fishing ground was "posted," a condition that still existed a while ago when the hundred acres became the property of the St. Landry Bank & Trust Company of Opelousas.

The bank is located in the parish seat of St. Landry Parish, which is right next door to Evangeline and Acadia Parishes — names that go deep into history. Among the institution's management were some brothers of the angle who, to borrow again from Izaak Walton, believed that the contemplative man's recreation deserved encouragement, but that it could hardly be stimulated in an atmosphere of No Trespassing.

"Come On In!"

So those chilly, inhospitable signs came down, and were replaced with others that read: "You are fishing courtesy St. Landry Bank & Trust Co., Opelousas, La. Your account invited."

We have it on the excellent au-

*

The fishing's good in the bayou that's just visible through the underbrush. (The bank does a bit of angling, too!)

*

thority of Irby Didier, secretary of the Louisiana Bankers Association, that the good fishermen of Opelousas and vicinity have made many favorable comments on the bank's sportsmanship. When you visit the

"Banks and People" is by JOHN L. COOLEY of BANKING's staff.



area, you're always sure to see somebody profiting by what must be a rare example of piscatorial financial public relations.

A Bank Can Fish, Too!

Nobody, of course, objects to being invited to do business with the St. Landry Bank & Trust Company. Everyone agrees that a bank has the right to do some fishing on its own account.

Parakeet "Sells" Memphis Bank

Billy, on TV, Talks Like a Yank with a Touch of Rebel

A QUOTE from Dave Tuttle, public relations man at The First National Bank of Memphis, must start this story:

"Almost anywhere you go in Memphis—in supermarkets, on buses, even at church—you'll overhear people (especially women) discussing 'that cute little parakeet that advertises the First National Bank.' Even small boys, in the midst of their play and boisterous games, frequently and for no apparent reason, suddenly shout in a surprisingly faithful imitation of Billy's gravel voice, 'Bank with First National!'"

The paragraph is from Dave's letter replying to our urgent request for more information about this bird that's making advertising and public relations history in the old town on the Mississippi. For a P.R. man with an idea like that one Mr. T. is tantalizingly modest. Of course we weren't exactly obliged to pry the story out of him, but his information was succinct and unsuperlative, two adjectives seldom found in juxtaposition to press agency.

Inspiration!

It seems that a few weeks back, while Dave was casting about for the illusive "something new," there came one of those flashes that illuminate the processes of genius: Why not teach a parakeet to say "Bank with First National" on television? Well, why not?



"Thrifty Tom," perched on a Tuttle hand, practices "Bank with First National!"

First, Dave had to find a bird. A pet shop referred him to four families owning highly superior parakeets, and he finally settled on Billy, the eloquent, loquacious property of Mrs. Raymond Densford.

For two days Billy was coached in the four-word hortatory expression that was to bring him fame, if not fortune. They put tape recording apparatus at hand to catch the magic words when he should speak them just right—which he did, without too much trouble.

Then, for his TV appearance, he had to be filmed. That was a chore,

too, for Billy didn't like the bright lights. But when his objections were finally overcome, the result was the gravelly declamation that immediately set Memphis talking, too. We should add that for his professional appearance Billy uses what Robert Johnson, *Press-Scimitar* staff writer [another genius, obviously], called "a nom de plumage." The bird is known to his public as Thrifty Tom.

He's Quite a Bird

Our story closes as it began, with a quote from Dave Tuttle's letter accompanying the photo above.

"Billy is the dog-gonedest bird you ever saw. He's formed the habit of flying over his mistress' shoulder every time the phone rings and listening intently to all her conversations. Then, sometimes days later, he repeats snatches of them. While the photographer set up the camera, I listened to him chatter for more than 20 minutes, and caught such phrases as 'You don't say' . . . 'Well, who'd believe it' . . . 'I wouldn't do it' . . . 'Oh, my supper's burning!'"

"How does he talk? Well, he speaks as clearly as a yankee [the lower case "y" is Mr. T's, not ours] and as deliberately as a rebel!"

Yes, Times Have Changed!

AFTER Rollin R. Williams, assistant vice-president of First American National Bank of Nashville, had talked to a civic club in a nearby Tennessee city, he got this letter from a club member:

"I couldn't help thinking last night as I listened to your enjoyable talk that times have changed in the banking business.

"Old Man Anonymous was responsible for the statement that 'A banker is a man who lends you an umbrella when the weather is fair, and takes it away from you when it rains.'"

"Today's banker is an intensely human person, sharing the problems of very ordinary people who wonder how in the world they'll meet next month's payments on the family jalopy, manage to get Junior's teeth straightened and still meet that ogre, the landlord, when he knocks on the apartment door."

The Kid Who Never Got a Letter

Then the Bank Sent Her a Fat One . . and A Big Package

WHEN people in Peoria, Illinois, want to "get on the radio," they drop in at the Commercial National Bank around noon and hope for an invitation to be interviewed during the live broadcast that originates in the lobby five days a week.

Some people, of course, can't come to the bank. The shut-ins, for instance, do their participating vicariously, listening for a friend's voice or perhaps telephoning in during the 15 minutes the program is on the air. The bank encourages these calls, and the announcer's half of each conversation is broadcast.

The other day a child 'phoned. The M.C. got her vital statistics, which were duly committed to the air waves, and asked why she wasn't in school. Then the kid—she's eight years old—confided she was a polio victim and couldn't walk.

That really warmed up the announcer.



One of the noon broadcasts in the lobby of the Peoria bank

"Did you ever get a letter?" he asked.

"Nope," came the high-pitched answer.

By this time the program was pretty high-pitched emotionally, and the M. C. exclaimed:

"Well, by golly, you're going to get a letter!"

Next morning the postman brought that little girl not only a warm, jolly message from the bank, but a package of gadgets: purse, memorandum book, coin bank—everything the staff could lay its hands on.

People, obviously, make this "Inside My Bank" program. Broadcast

Monday through Friday, 11:45 a.m. to noon, direct from the banking floor, it's informal and unrehearsed, bringing to a large audience short chats between the well-known local announcer and customers or visitors in the lobby. No props are used; nor are there formal commercials.

Vice-president George M. Wasem gives us some details:

"Each interview includes inquiries about the guest's address, names of her family, husband's employer and kind of work. These questions are followed by small-talk about hobbies, weather, etc. The approach is very light, the emphasis on friendliness and fun.

"Time is also freely contributed to public service announcements. Many of the health, welfare, and service groups in the area have been represented.

"Everyone appearing before the mike receives a memento. Youngsters have priority. The telephone calls from shut-ins, giving them a chance to take part, are a recent innovation—and a very popular one, you may be sure."

POSTSCRIPT

A late bulletin from Peoria reported this heart-warming news:

Valentines and scrapbook materials for hospitalized children in the Peoria area were collected by the bank this year. Program listeners were invited to send or bring in Valentines which were displayed in the bank lobby, then delivered to the children's wards of the hospitals in time for February 14.

Sundown, Down Under

THE trustman looked up from his desk and there stood a very old friend, who was also a very important customer, brushing the New England snow from his coat.

"What's on your mind today, Charlie?" asked the T. M.

Charlie grinned. "This'll slay you," he said, "but what time will the sun set in Newcastle, New South Wales, tomorrow?"

Well, the trustman's reaction was just what yours would have been: "For heaven's sake, why?" The friend explained that he, a manufacturer of electrical goods, had made for a Newcastle movie house a gadget that was supposed to turn the bright lights on at sundown and off at midnight. But the equipment was being temperamental. It operated the display whimsically, which was bad for business.

The trustman's friend knew that the mechanism would work if he could tell the impressario exactly how to adjust it for a given date.

So the trustman called up a navigator friend and asked him when the sun would set in Newcastle, N.S.W., the next day.

"Give me a while on that one," replied the ex-sailor. "But I think I can tell you in the morning."

He did. The information went to the trustman's friend who cabled the necessary instructions to his customer—and everybody was happy.

—From THE TRUST BULLETIN

A British Bank Sends Gifts to N. E. Flood Victims

A BRITISH-AMERICAN banking friendship has developed an unexpected angle.

Several years ago Richard A. Booth, president of the Springfield (Mass.) Institution for Savings, made a trip to England. Among the places he visited was the Wigan Savings Bank at Wigan, and he has since corresponded with its actuary, Archie Hunter.

After the devastating floods in Connecticut and Massachusetts last year, Mr. Booth sent his British friend a copy of the special edition of disaster photographs published by the Springfield newspapers. The pictures made so deep an impression on the Wigan bank's officers and staff that they filled five big cartons with toys, candy, and books and shipped them to Mr. Booth with the request that they be distributed among families in the flooded area.

The gifts arrived too late for Christmas, but that didn't matter particularly. The Springfield bank's staff sorted and repacked them, Vice-president Homer R. Feltham got from the local Red Cross chapter the names of families where the Britons' contributions would be especially ap-

propriate, and then the bank's officers, Charles H. Gray, William A. James, and John McP. Collins, made the deliveries.

A letter in each box explained that the contents were a British bank's way of saying "We're sorry you've had such hard luck."



Springfield banker Richard A. Booth with the gifts from England

The Littlest Customer

THEY say in Phoenix that little Douglas Walkup started saving just about the time the bulldozers were gouging out the site for the First National Bank of Arizona's \$5,000,000 block-square main office building. That was nearly two years ago. They also say that Doug and his dad were faithful sidewalk superintendents during the construction.

The day the nine-story building opened Douglas, three years old,

marched into the lobby with the \$21.63 that had accumulated in his piggy bank while the First's new home was being built. Yes, he was the new building's youngest new customer, and the greeting he got was in keeping with that distinction: photographers, interviewers, pats on the back. And while Douglas clutched his bag of coins in one hand, Board Chairman Hugh C. Gruwell and other top officers shook the other.

On a Shiny Walnut Desk . . .

Then Douglas was escorted to the shiny new walnut desk of an executive in the bank's new accounts department and, while the grownups stood around, he poured out his store of coins, packed in rolls.

"He not only took it all in stride," reports the bank, "but he also carried the whole affair off with a great deal of dignity."

"He managed a quick smile when that seemed indicated, but had very little to say to anybody."

Incidentally, the boy's father, Jim Walkup, brought the first deposit to an even \$50. That helped, too. It was quite a day.



Douglas Walkup, 3, gets his picture taken with Banker Norman Lenz, left, his dad, and, of course, his \$21.63

PR Progress Conference

TO PROVIDE services and expanded facilities, and to carry on auxiliary activities useful to a constantly increasing number of customers, bank public relations need to be continuously reappraised and revised, according to Harold J. Marshall, chairman of the Public Relations Council of the American Bankers Association, and president of the Manufacturers National Bank, Troy, New York. Mr. Marshall presided at a two-day progress conference, sponsored by the Council, at the Roosevelt Hotel, New York, January 24 and 25. The conference covered a wide variety of the activities illustrative of the public relations program carried on under sponsorship of the A.B.A. for more than a quarter of a century. In addition, the bankers heard a resume of the program of the American Institute of Life Insurance, talks by public relations officers of banks, and a panel representing state and national bank associations.

In addition to Chairman Marshall, speakers during the two days included: George M. Wasem, vice-president, Commercial National Bank of Peoria, Peoria, Illinois; Louis B. Lundborg, vice-president, Bank of America N.T. & S.A., San Francisco, California; Moses M.

Holgar J. Johnson, president, Institute of Life Insurance, speaking after the first day's luncheon on the Institute's public relations program

Shaw, The South East National Bank, Chicago, Illinois; Merrill Anderson, president, The Merrill Anderson Company, Inc., New York City; Holgar J. Johnson, president, Institute of Life Insurance, New York City; Ezra A. McIntosh, vice-president, J. Walter Thompson Company, New York City; William R. Kennedy, vice-president, The Union Market National Bank, Watertown, Massachusetts.

Daniel W. Hogan, Jr., president, City National Bank & Trust Company, Oklahoma City, Oklahoma; Julian L. Marwell, Marwell Bank Displays, New York City; Arno H. Johnson, vice-president, J. Walter Thompson Company, New York City; William Powers, deputy manager, A.B.A., secretary of Committee on Executive Development; Lester Gibson, deputy manager, A.B.A., director of the News Bureau; G. Edwin Heming, manager, A.B.A. Advertising Department; William R. Kuhns, editor of BANKING, Journal of the A.B.A., and director, Public Relations Council; and Rudolph R. Fichtel, secretary, Public Relations Council, and secretary, A.B.A. Savings Bonds Committee.

The program—a series of clinetype brief presentations — tied together banking policy, bank activities, and measurable results. Members of the Council gained an impression of an entire public relations program rather than a group of separately digested phases of PR.

What They Said—

WILLIAM POWERS, "Personnel Relations": During the past 15 years, A.B.A. departments have concentrated on building personnel administration aids for bank management, resulting in the publication of manuals on recruiting, screening of job applicants, training and checking on performance. The most recent phase of the job is that of executive development. A rather plain, actually simple routine of selecting people for executive jobs — seeing what qualifications they need to meet job requirements and designating what academic or experience aids should be brought into play. We think this new development will bring about a great improvement, because we are working with leaders for the half-million people who work in the banking business.

GEORGE M. WASEM, "Customer Relations": It seems that banks are fairly expert in developing and using techniques and methods, but often without a clear idea or objective for doing so. The number of bank customers is being constantly expanded as we offer new facilities and auxiliary services . . . If we are to serve our growing customer-public effectively, creativeness and imagination are essential. We cannot rely on statistics to learn about our cus-

Part of the audience at one of the sessions



PHOTOS BY ROBERT COOPER



Merrill Anderson, head of the New York advertising firm of Merrill Anderson Company, speaking on "Stockholder Relations." Seated, left to right, are: William R. Kuhns, director of the A.B.A. Public Relations Council and editor of *BANKING*; Public Relations Council Chairman Harold J. Marshall; and the Council's secretary, Rudolph R. Fichtel



The panel on "Coordinating State and National Public Relations Programs." Left to right: Wilfred W. Delamater, president, Financial Public Relations Association, and vice-president, Traders Bank and Trust Company, Philadelphia; Robert C. Forrey, executive director, Educational Foundation, Pennsylvania Bankers Association; Harold J. Marshall (moderator), chairman of the A.B.A. Public Relations Council and president, Manufacturers National Bank, Troy, N. Y.; Albert L. Muench, executive vice-president, New York State Bankers Association; and Robert E. Lee Hill, executive manager, Missouri Bankers Association

tomers. There is no one idea that can be used as a panacea . . . an effective program requires doing a wide variety of things.

LOUIS B. LUNDBORG, "New Ideas and Techniques in Community Relations": It is important to get better acquainted in the community, keeping it informed about banking, helping the community or helping to accomplish community objectives.

There is a basic difference between community relations and other subfields of public relations. Activities should flow from the community and its needs and not be imposed on the community. Progressive banks are training officers to be effective civic workers and leaders, holding staff meetings to review community position.

MOSES M. SHAW, "Bank Relationships with Schools": More local banks would do a job in the bank-school field if encouraged and inspired by their state associations. Local banks need information about material, visual education aids, and ideas for activities that can be obtained through bulletins and news letters.

MERRILL ANDERSON, "Stockholder Relations": A quick formula for good stockholder relations: Run a good bank, foster good relations with the community, earn money; tell stockholders what you are doing.

Lester Gibson, "Publicity and Press Relations": Publicity is a reflection of everything done in the banks. Publicity is news and cannot be repetitious. There is a constant revolution in community and press interest, whether it be women's finance forums, banking scholarships, or other activities.

To provide the bankers at the conference with information for comparison of their own public relations programs with the activities carried on by other business groups, HOLGAR J. JOHNSON described the public relations work of the life insurance business: The fact that American businessmen have the power of choice to do business with whomever they wish and on whatever basis they wish causes business to consider public attitude, because only to the degree that we earn public approval are we able to stay in business on the basis that we want to stay in it. The new thing about public relations is that we have begun to isolate it as a separate arm of management.

We never have all public relations problems solved, because, currently, we are creating situations that express themselves in a different social and economic environment, either next year or the year after. Our ultimate objective is the building of a favorable public attitude toward the business.

G. EDWIN HEMING, "What's New in Bank Advertising": Today, it is no longer enough to sell people on saving—they must be sold on saving at your bank. . . . More and more banks are using advertising designed to get traceable results . . . They are actually bringing in new accounts which can be linked to

specific advertisements and campaigns.

EZRA A. MCINTOSH, "Bank Views of Television and Radio": Banks should merchandise their radio and television programs with window and lobby displays and advertising. When the local bank uses television and radio, it should be to convince the public that making loans and providing services are the business banks are in, and create a feeling of partnership with the customer.

WILLIAM R. KENNEDY, "Business Development Through Officer Calls and Personal Contact": Basic considerations to be recognized before an officer call program is undertaken are: (1) It must have the approval, endorsement, and participation of top management, which must (2) recognize that a call program will not develop officers into dynamic sales personalities; (3) a call program compels the banker to assume contact initiative.

DANIEL W. HOGAN, JR., "Special Events": We are in a buyers' market, where competition is always keener . . . It takes a never-ending

(CONTINUED ON PAGE 67)

Let's Meet

Savings and Loan Competition

Facts about the Home Owners Loan Act, increase in savings, rapid progress of S&L associations, advertising budgets of banks contrasted with S&L budgets, interest rates, mortgage investments, bank savings volume gap closing, competitive advantages of S&Ls, FSLIC and FDIC differences, legislation governing S&L branches

F. A. AMUNDSON

MR. AMUNDSON is vice-president of the Midway National Bank, St. Paul, Minn., and a member of the Committee on Federal Legislation of the Savings and Mortgage Division of the American Bankers Association. This article is based upon an address made by him at the recent regional Savings and Mortgage Conference of the A.B.A., in Kansas City, Mo.

I HAVE followed the savings trend for many years and, at one time, supervised both state banks and savings and loan associations. I was able to gain first-hand information on the operation of savings and loan associations, and I am sure you realize I had to be impartial in supervising both classes of financial institutions. I was amazed to see the attitude of banks toward savings, while their competitors in this field made rapid forward strides.

A Sympathetic Congress

It was a sympathetic Congress which passed the original act, and this can be more readily understood if you will read Section VI which provides for the appropriation of substantial amounts of money to be used impartially in the promotion and development of local thrift and home financing institutions, whether state or federally chartered.

The average banker paid little attention to the act and the growth of these associations during the first 10 years. It was not until savings started to shift that a number of bankers became alarmed and many cried, "Unfair competition!" This apparent unfair competition was a part of the original act to encourage thrift in our nation.

In 1940, banks had 73% of all sav-

ings excluding Savings Bonds and life insurance policy reserves, whereas today this has dropped to 46%. Life insurance companies, Savings Bonds, and savings and loan associations have taken a large part of the public's savings. Three out of every four families carry some life insurance.

Bank Thrift Accounts

Nationally, there are approximately 70,000,000 savings accounts and \$76.6-billion on deposit in commercial and mutual savings banks. Commercial bank interest rates vary from $\frac{1}{2}\%$ to $2\frac{1}{2}\%$.

Since 1935, savings and loan associations have increased in number and size. There are today 6,030 associations in the United States, with approximately 18,000,000 shareholders, and their share capital increased from \$4-billion in 1938 to \$32-billion at the end of December 1955.

Savings and loan associations have made rapid progress over a period of about 15 years, and I believe it is

safe to say that the most rapid growth has been experienced by them during the past five years. Their outward appearance and method of operation lead the public to look on them as a savings bank.

In many communities, savings and loan associations have more attractive quarters. Their new buildings are more attractive. They are a more friendly institution. Banks spend 32 cents out of every \$1,000 of deposits for advertising—only 16% of this for savings; savings and loan associations spend \$1.30 out of each \$1,000 share money—75% of this for savings.

In the advertising program of savings and loan associations, they stress savings more than loans. This makes them stronger competitors of banks. A borrower is considered a member; and this, I believe, tends to strengthen their position in the field of thrift.

Savings and loan associations, in most cases, pay 1% to 2% in dividends over bank interest rates. They can pay a higher rate because they earn more. Ninety-six percent of their money is invested in mortgages. Banks have 61% in cash and Government bonds; savings and loan associations have only 15%.

Sell Complete Banking Service

Banks, at one time, had 60% to 65% of their assets in loans. This declined to about one-third of that amount, and I believe the ratio today runs around 40%. It can readily be seen that we cannot meet the rate paid on savings by savings and loan associations. We must, of necessity, sell our complete banking services to our customers.

Savings and loan associations in 1954 earned \$37,283 net before dividends for each \$1,000,000 in share

F. A. Amundson



accounts; banks earned \$11,404 net before interest and reserves for each \$1,000,000 of deposits. S&Ls can pay more because they earn more on each \$1 of share capital.

What Is It That Attracts?

We should ask ourselves what it is that attracts savings to certain types of savings institutions in greater amounts than others. Is it rate of return, safety, availability of funds, service, or convenience? It is possibly a combination of all, but one stands out above the others. That, in my opinion, is the rate of return. If that is true, then we must sell banks to the savings customers on the basis of all the other services we offer.

Please remember, people save money. Dollars do not save themselves. You must encourage people to save, and you must point out the advantages of saving in a bank.

How much do we really want savings deposits? We must do the same as savings and loan associations have done. We must have more attractive quarters, a friendly attitude, and point out that we offer every financial service possible.

We still have greater savings volume than our competitors, but the gap is slowly being closed. It will take aggressive action on our part to maintain the savings volume necessary to continue a well-rounded program.

Savings Vital to Commercial Banks

Commercial banks cannot perform all services to the public without savings deposits. A commercial bank must have in its portfolio a number of loans on homes. The ratio of mortgage loans to total loans must be based on the savings deposit volume. I know of several national banks which have not shown any marked increase in savings deposits during the past several years, and they are fast approaching the 60% limitation imposed on them by statute. This is a serious matter and has already resulted in some curtailment of mortgage lending.

Savings and loan associations have certain competitive advantages, such as extremely small or no Federal income taxes, liberal mortgage loan policies, small liquidity requirement (now set by Board at 6%), no requirement for paid-in capital according to population and volume of busi-

ness, lower cash reserve requirements than is held necessary for commercial banks, and freedom from operating under a number of rigid regulations imposed upon banks. They are also permitted to sell their shares through brokers located some distance from the office of the association. Many brokers are guilty of the most flagrant violations, and I feel that the Home Loan Bank Board should take immediate action to correct these abuses.

Until just recently, the law specifically provided for income tax exemption, but Congress has now imposed a tax on their earnings after certain provisions for reserves. This will not affect many savings and loan associations for some years.

Their use of open-end mortgages was originally for the purpose of aiding borrowers in improving their homes. In many cases, at the present time, the open-end mortgage is used practically the same as consumer credit lending.

FSLIC and FDIC Contrast

Much has been said about the difference between FSLIC and FDIC. There was, at one time, a wide difference; but this no longer exists. During the early years of the FSLIC, the manner of paying shareholders in a defaulted savings and loan association was far less favorable than the FDIC. . . . Now the law relating to the manner of payoff by FSLIC compares very favorably with FDIC. The two insurance corporations pay shareholders or depositors in somewhat the same manner, but the important thing to remember is the time of payoff. The insurance corporation comes into play only at the time default is determined.

What Happens Before S&L Conservator Steps In?

Under the regulations of the Home Loan Bank Board, a receiver or conservator is appointed only after one or more of the following has taken place:

- (1) The association is conducting its business in an unlawful, unauthorized, or unsafe manner.
- (2) Is in an unsound or unsafe condition or has a management which is unsafe or unfit to manage a Federal savings and loan association.
- (3) Cannot, with safety, continue in business.
- (4) Is impaired in that its assets

do not have an aggregate value (in the judgment of the Home Loan Bank Board) at least equal to the aggregate amount of its liabilities and due to its creditors, members, and all other persons.

(5) Is in imminent danger of becoming impaired.

(6) Is pursuing a course that is jeopardizing or injurious to the interest of its members, creditors, or the public.

(7) Has suspended payment of its obligations.

(8) Has refused to submit its books, papers, records, or affairs for inspection to any examiner or lawful agent appointed by the Home Loan Bank Board.

(9) Has refused by the refusal of any of its officers, directors, or employees to be examined upon oath by the Home Loan Bank Board or its representative concerning its affairs.

(10) Has refused or failed to observe a lawful order of the Home Loan Bank Board.

Corporate Differences

It might be of interest at this point to know the financial difference between the two insurance corporations. As of December 31, 1954, insured banks in this country had total assets of \$222.5-billion, whereas insured savings and loan associations had total assets of \$28.2-billion. Banks, at that time, had cash and Government bonds amounting to \$118.3-billion; savings and loan associations, \$3.5-billion. Banks had risk assets totaling \$104-billion; savings and loan associations, \$24.6-billion. The capital, surplus, undivided profits, and reserves of banks totaled \$16.2-billion. Savings and loan associations had reserves of \$1.9-billion. Risk assets in banks, after deducting capital structure, totaled \$88-billion; in savings and loan associations, \$22.7-billion. In banks, 55.3% of deposits are insured, which reduces the risk assets by \$48.6-billion; in savings and loan associations, 96.8% of share accounts are insured, which reduces risk assets by \$22-billion. FDIC has an insurance fund of \$1.5-billion. The FSLIC has an insurance fund of \$225-million. FDIC has authority to borrow from the Treasury up to \$3-billion; FSLIC may borrow up to \$750,000,000. The insurance fund of FDIC, plus borrowings, could be

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THE QUESTION OF Consumer Credit Volume

A Sampling of Recent Statements on a Problem That Involves Many Shades of Opinion and Several Related Questions

This symposium was prepared for BANKING by JOHN L. DEJONG, associate director of the American Bankers Association News Bureau.

CONSUMER instalment credit, the lever which multiplies the power of thrift to raise living standards among most Americans, is attracting a lot of attention these days. The latest available figures show borrowings by individuals to be very high—that all consumer credit, including loans at banks, charge accounts at stores, finance company receivables, and outstandings of industrial loan associations and personal loan companies, totals \$34.3-billion. Of this amount, instalment credit which is repaid monthly is about \$26.7-billion, of which commercial banks hold \$10.6-billion, or 39.7%. In addition to loans made directly by banks, sales finance companies enjoy substantial lines of credit from most of the larger commercial banks of the nation.

Because of the vital, essential, and pivotal part that consumer instalment credit plays in the American economy, it has been the subject of many statements recently by policy makers and "interpreters of the current scene" in the political as well as the business and financial fields. There are wide differences of opinion expressed by national leaders, particularly since bankers and other lenders have never successfully freed themselves from the allegation, current during New Deal years, that one of the contributing causes to the business depression of the 1930s was that Americans had mortgaged their future income under easy borrowing terms.

Nineteen hundred fifty-six, being an election year, political leaders

are interested in obtaining the vote-support of large blocks of citizens who may be influenced as groups through mutual interests as, for example, farmers, home owners, etc. Federal officials from both major parties are devoted to a policy of maintaining and extending general prosperity and seek to identify themselves with actions which will be interpreted as dedicated to that purpose. There are widely diversified proposals for working toward a sound economic program. Consumer credit plays a part in almost every proposal so far made.

In the Economic Message

For example, President Dwight D. Eisenhower, in his Economic Message to Congress on January 24, says:

"The development of consumer instalment credit has been highly beneficial to our economy. However, it sometimes accentuates movements in the buying of consumer durable goods. Although present conditions do not call for the use of any authority to regulate the terms of instalment credit, this is a good time for the Congress and the Executive Branch to study the problem."

This statement by the President is interpreted as favoring the adoption of permanent "stand-by" credit control legislation which would give the Federal Reserve Board the power to regulate credit, similar to "Regulation W" of World War II years.

The President's message set off a wide debate. Among those who support delegating credit regulating power to the central bank system is Allan Sproul, president of the Federal Reserve Bank of New York, who has said:

"I am disturbed . . . by the fact

or the indication that successive relaxation of terms has been largely responsible for keeping the ball in the air. This is a process which cannot go on indefinitely; and when it ceases, there will come a time when repayment of old debt will catch up with new extensions of credit. . . . Will it then become clear that we drove our productive capacity to unsustainable limits—for the present—by borrowing consumer demand from the future?"

The big question is: "Is consumer credit too high?" There are many responsible national leaders who argue on either side of the question. Authoritative figures show that in 1950 the estimated disposable income in the United States amounted to \$206.1-billion, and all consumer credit outstanding at the end of the year amounted to \$20.8-billion, or 10.1% of income. In 1955, with disposable income estimated at \$265-billion, total consumer credit stood at \$36.2-billion, or 13.6% of disposable income. However, most market researchers, such as Arno Johnson of the J. Walter Thompson Agency, think that this percentage is pretty safe.

There are some more soundly based reasons for maintaining confidence in a continued free flow of consumer instalment credit. Harlow H. Curtice, president of General Motors Corporation, recently said:

"There is too much concern about a very normal situation that has accompanied the growth in population, disposable income, and business activity generally. Consumer credit is making and will continue to make a great contribution to the standard of living of the American people."

Aubrey G. Lanston, president,
(CONTINUED ON PAGE 112)

Guideposts for Making Open-End Mortgage Loans

PETER GIULIANI

MR. GIULIANI is assistant counsel of the National Life Insurance Company, Montpelier, Vermont, and trustee, Montpelier Savings Bank and Trust Company.

BECAUSE we have been hearing a great deal about the open-end mortgage during the past few years, we are apt to get the impression that this facet of the loan business is something new. Actually this is not true, for the making of additional loans on the security of an existing and continuing first mortgage has been known to the common law since time immemorial. Searches of the records in Vermont, for example, and in many other states, reveal a long history of this practice. The application of the principle to monthly payment home loans naturally has received forceful impetus due to the tremendous expansion in American home ownership in recent times, and that, no doubt, is what accounts for the seeming novelty of the idea.

Some Questions

In dealing with this type of credit, these questions occur: (1) Should it be used in place of FHA Title I? (2) Should the additional advances be limited as to frequency, amount, purpose, or maturity? (3) Will the additional advance enjoy first-lien status? (4) Must the lender search the title for intervening liens?

The answer to the first question depends upon the applicant's needs and circumstances. The loan officer should be ready with helpful advice based on principles of sound lending and sensible borrowing.

The second question concerns both law and bank policy. Experience shows, however, that it is good policy to impose limitations which restrict open-end mortgage credit to advances which do not increase or

extend the basic mortgage beyond its original amount or maturity. It might be said that this makes the loan self-regulating. Some open-end plans further limit the additional loans to repairs to or improvements of the original real estate security. Others feel that if the open-end credit is available, the borrower may use it as he wishes—to pay bills, to go on a vacation, or to send his children to college. Obviously, this could include financing consumer durables, which most bankers feel is a perversion of the real function of the open-end mortgage. Each bank must establish as a matter of its own policy the extent to which limitations of this sort will or will not be imposed.

Consult Your Lawyer

The legal aspects are, of course, considerations of the first importance, and the banker surely will consult his lawyer in formulating his plan. He will want to be sure each open-end advance shares the first-lien status of the basic mortgage. Different laws and customs prevail in different states, and here we come to questions 3 and 4, which concern priority of lien and the need for title search. These are legal questions and they should be answered by the bank's counsel, but they may be briefly considered here in a general way.

Obviously and in the first place, the original recorded mortgage or an existing contract appropriately amended must contain legal phraseology permitting discretionary open-end advances under such conditions as may be established. For example: "The security of this mortgage shall extend to and cover any additional loan made by the mortgagee to the mortgagor or any of his successors in ownership of the real estate hereby conveyed; provided that the total indebtedness to be secured

hereby shall not exceed the original face amount of this mortgage, and provided further that the maturity of such additional debt shall not be later than the time specified for the payment of the original debt secured hereby. This paragraph shall not, however, restrict or affect advances for taxes and insurance provided for elsewhere herein."

This done, many states permit the lender to make such advances in his discretion without searching the public records for intervening liens, and the advance will be a secured first lien, provided, of course, the lender has no actual knowledge of intervening liens. This appears to be so in Alabama, California, Colorado, Connecticut, Florida, Georgia, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Dakota, Oregon, Rhode Island, South Carolina, Texas, Vermont, Virginia, Washington, West Virginia, and Wisconsin.

Other States

In other states there is a good probability, but less certainty, that an open-end advance will similarly enjoy first-lien status even if there are intervening liens of record, of which the lender has no actual notice, but because of the unsettled condition of the law a "run-down" title search is either advisable or necessary. Such states are Arizona, Delaware, District of Columbia, Idaho, Kansas, New Mexico, North Carolina, Oklahoma, South Dakota, Tennessee, Utah, Wyoming and, especially Illinois, Minnesota, Ohio, and Pennsylvania. The legal theory in the former states is that the public record of a mortgage properly drawn to cover future advances puts the world on notice as to the right

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GOVERNMENT BONDS

Treasury Refunding "Fannie Mae" Has the Market Seen the Worst? A Tempering of the Outlook Strong January Market Return Flow of Currency Bank Loans Decline Ford and Illinois Turnpike General Scarcity of Supply Open Market Committee Lowers Bill Holdings

MURRAY OLYPHANT

THE Treasury has about \$11,680,000,000 of maturities in March and April. Of this total about \$2,201,000,000 are TA certificates, most of which will be used on March 15 in payment of taxes. The balance of the maturities are 1½% and 1½% notes.

The Federal Reserve banks have about \$5-billion of the two note issues. Of the remaining \$4.4-billion, a good many may be owned by those who are planning to take cash on the maturity dates, so that there could be a larger than usual cash attrition on the roll-over.

However, the heavy tax payments in March will give the Treasury ample funds to care for any cash demand and, in addition, may permit some reduction in the total of the U. S. debt now subject to the limitation of \$281-billion. On February 1, that total was \$279.5-billion.

Discussion as to what the Treasury will offer in exchange for the two maturing note issues is more nearly unanimous than usual. No thought is given to any possibility of any long maturity whatever. In fact, even those who talk about a split offering suggest only the possibility of an issue with a maturity of one year plus another issue to mature in a few months longer.

Based on the current market early in February, the rate for one year would seem to have to be close to 2½% and at least 2½% for anything longer. Rolling over maturities in portfolios has resulted in a very nice increase in yield for some time.

"Fannie Mae" got \$100,000,000

from the market early in February by paying 3½% for a 9-month maturity. Why so much it is hard to say.

That the offering was regarded as a bargain was shown by the immediate appearance of a 4/32 premium bid in the "when issued" market, dropping the yield below 3%.

At such a rate, the issue was sure to be well taken. Allotments against subscriptions were only 17%.

Has the Market Seen the Worst?

Although Federal Reserve and Treasury officials continue to testify before Congressional committees that the threat of inflationary developments has not evaporated, it is clear that the monetary authorities are still very carefully testing the strength and direction of the wind in order to see which way to set their sails and are not at all sure from which quarter the next wind will blow.

During January, however, it was interesting to follow the general tenor of many speeches and articles by various economic seers. It seemed to the writer that these analyses of the outlook were coming to the conclusion that there was much more chance of a halt in the forward progress of the economy than that any further real and sustained advance could be looked for.

Should this prove to be true, then some easing of credit would seem likely. More funds might be available for the purchase of Government securities. Certainly no rediscount rate rise would be necessary.

It begins to look as if tentative purchases of Government securities on any dips in the market have a better chance of working out profitably than has been the case up to this time.

A Tempering of the Outlook

General sentiment changes like the weather. January provided an excellent example.

The year-end expectation that continued demand for credit would exceed the supply for at least the first half of this year was tempered by the growth of opinion that to expect much of any further growth in the volume of business might easily prove to be overoptimistic. It began to be more generally felt that at least the rate of growth was likely to slow down. Continued prosperity and a high level of employment seemed assured for some time but—as was acutely commented—"It takes less money to finance prosperity than a boom." Perhaps the demand for and the supply of credit was getting more nearly in balance. Perhaps the peak of credit scarcity was passing.

If the market for Government securities is a barometric forecast of credit conditions, then its action in January seemed to say that the worst of the credit stringency was over. In any case, there was evidence that here and there the conclusion had been reached that current prices might be affording investment opportunities, with little risk of anything but temporary and minor lowering of market values.

Between December 30, 1955, and February 3, 1956, quotations for all

of the Government obligations were marked up irrespective of maturity.

Gains of about 8/32 to 20/32 were scored for the maturities up to one year; from 14/32 to a full point for the 5- to 10-year maturities, and as much as 1¼ points for some of the longer-term bonds.

While not consistently rising from day to day, mark-ups for a day or two were usually followed by some mark-downs, but the latter never got back to where the rise started, so that the net change for the month resulted in the increased values as just given.

Several factors contributed to the general price improvement as follows:

- (1) A return of circulation to the banks
- (2) A decline in bank loans
- (3) The reinvestment of corporate funds, notably Ford and Illinois Turnpike
- (4) A general scarcity of supply
- (5) The changing opinion as to the outlook

Return Flow of Currency

The seasonal return flow of money in circulation was more than \$1.1-billion for the month. This was expected, and it was important in easing the reserve position of the member banks and enabling them to reduce their indebtedness to the Federal Reserve banks.

Bank Loans Decline

From the end of December to January 25, the gross loans (adjusted) of the reporting member banks declined over \$800,000,000. Of this decline, commercial and agricultural loans accounted for almost \$500,000,000. Real estate and consumer loans showed a moderate rise.

Furthermore, these banks lowered their holdings of Government and other securities by about \$700,000,000 in the process of adjusting their reserve positions, so that by the middle of the month borrowings from the Federal were just about equal to reported excess reserves.

Reinvestment by Ford and Illinois Turnpike

About the middle of the month the sale of Ford stock to the public was completed. At the same time financing for the Illinois Turnpike finally passed legal barriers and the bonds were successfully marketed. The large sums received from these sales obviously needed temporary investment. The effect on the short-term market was immediate, as can be seen from the following record of the weekly sales of Treasury bills.

| Date of Sale | Average Int. Cost | Approx. Market in Week After Sales |
|--------------|-------------------|------------------------------------|
| 12/30/55 | 2.489% | |
| 1/9/56 | 2.596% | 2.54%-2.50% |
| 1/16/56 | 2.493% | 2.34%-2.30% |
| 1/23/56 | 2.245% | 2.20%-2.15% |
| 1/30/56 | 2.402% | 2.25%-2.20% |
| 2/6/56 | 2.270% | 2.22%-2.18% |

With such a market, RPA's at the
(CONTINUED ON PAGE 128)

THE INVESTMENT MARKETS

H. EUGENE DICKHUTH

THE demand for both corporate and tax-exempt municipal issues has been good and thoroughly satisfactory from the standpoints of the public and dealers alike. At this writing, there is hardly any but normal inventory left on dealers' shelves.

A big event, of course, was the issuance of the first portion of the Ford Motor Company stock. The price for it receded, in due course, below the introductory level, which was more or less expected, except by some of the purchasers.

The equity markets, otherwise, had an indecisive trend while waiting for President Eisenhower's announcement whether he is going to be a candidate for a second and last term.

Something new was added to the mutual fund field by the emergence of an open-end company, International Investors. It was founded on the philosophy that American investors should have an opportunity to participate in the business of the free world outside of the United States.

According to United Nations' figures, the industrial growth of Western countries since the end of the war has been at the rate of 7.9%, while U.S. expansion has averaged 4% annually. The difference in the growth ratios is, of course, explained by the fact that bombed factories, warehouses, office buildings, and private dwellings had to be reconstructed. All this has created a boom of no mean proportion, in which investors participate. Several other companies operate in this field and they have not been overly successful.

The domestic investment markets remain one package

of short-term, intermediate and long-term money requirements. A note of stability was injected by the Presidential announcement that a balanced budget is in the offering for the next fiscal year, although skeptics are vocal.

The short-term market is the most important one at the moment. It has been dictating Federal Reserve monetary policy, which is designed, at this particular time, to avoid both inflation and deflation, with due recognition of the fact that an absolute state of stability has never been attained before.

NEW bonds offered publicly in January are estimated to have slightly exceeded the \$900,000,000 mark. This compares with \$768,000,000 in December and \$1-billion, plus, in January 1955. Last month's total was helped by flotations of the Federal Land Bank and a Federal Home Loan banks' issue.

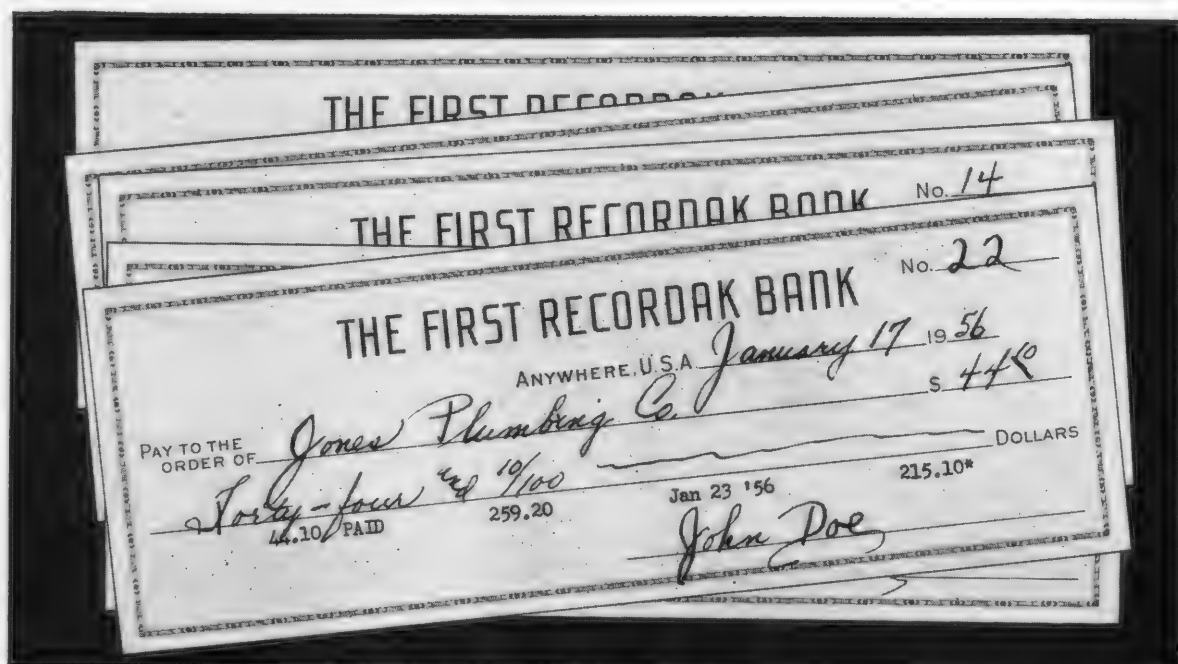
The three major categories included \$339,000,000 in state and municipal flotations; Home Loan banks, \$240,000,000; and Federal Land banks, \$130,000,000.

New stock offerings, had it not been for the Ford Motor issue, would have presented a considerable contraction. Some consider the Ford flotation a secondary offering, since it came out of the portfolio of the Ford Foundation. Others do not agree with this reasoning.

Outside of Ford, new stock financing in January aggregated a little bit more than \$26,000,000. By various statistics, it is considered the smallest January total since 1951. The industrial category accounted for about \$20,000,000, while public utilities totaled approximately \$6,000,000.



Greater Post-To-Check savings w



RECORDAK

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—and its application to banking systems

The measure of your success with the new Post-To-Check System depends greatly upon fast, trouble-free microfilming.

And you can make no wiser choice today than the new Recordak Reliant.

This sensational low-cost microfilmer introduces many conveniences to smooth your work flow and cut your operating expense. For example—

1. A new high-precision automatic feeder all but ends possibility of missed pictures . . . lets even inexperienced clerks feed checks and statements by the handful. Documents which are fed crookedly are automatically straightened out, and photographed without creasing or tearing.

2. Front, eye-level stacking of photographed documents ends reaching and stooping. All controls are at operator's fingertips.

3. Speed . . . more than you'll ever need! Four hundred checks, for example, can be fed in one minute.

4. Automatic cancelling in the microfilming run eliminates a separate operation.

The Reliant also gives you the lowest per-picture cost—lets you photograph at 40-to-1 reduction—get pictures of 62 checks and 10 statements for just 1¢. *Many additional features*—each reflecting the know-how acquired by Recordak and Kodak in 29 years of microfilming research and development.

with Recordak Reliant

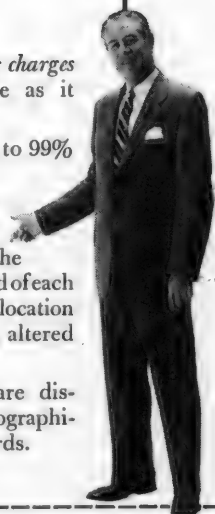
How you can save \$1 per account each year with Post-To-Check and a Recordak Reliant

- One posting clerk can easily handle 3000-3500 accounts, each averaging about 10 items per month.
- Fewer and less expensive book-keeping machines are required.
- Far less floor space is needed. A room 25 x 40 ft. is adequate for 16,000 accounts.
- Separate signature-checking and check-filing operations are eliminated. Both are done at time of posting.
- Peak billing periods and costly overtime are eliminated.

- Posting errors are reduced as much as 80%.
- Customer inquiries are reduced about 50% by mailing statements monthly instead of quarterly. Good will is increased.
- Audit control is sounder. And you get a complete audit every month. Trial balances are eliminated.
- Funds cannot be transferred from one cycle to another, which discourages internal embezzlement.
- Stationery costs are cut sub-

stantially. *Even mailing charges are reduced*, impossible as it sounds.

- Film records save up to 99% of space formerly required for carbon ledgers and deposit slips.
- Reference is faster—the complete monthly record of each account is filed in one location on the film . . . can't be altered without detection.
- Fraudulent claims are disproved by your photographically accurate film records.



MAIL COUPON BELOW

RECORDAK CORPORATION (Subsidiary of Eastman Kodak Company)
444 Madison Avenue, New York 22, N.Y.

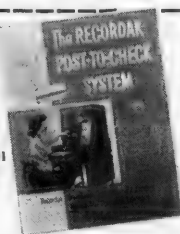
K-3

Gentlemen: Please send your free illustrated folder describing Recordak Post-To-Check System

Name _____ Position _____
Bank _____ Street _____
City _____ State _____

New, free booklet gives you complete facts on Post-To-Check System and the low-cost Recordak Reliant.

March 1956



One Bank's Evaluation of the Statement Reconciliation Service

IS YOUR BANK trying to decide whether or not to offer the statement reconciliation service to its large commercial customers? Our experience in Houston would indicate caution before undertaking sizable expenditures in order to offer this service. Of course, if your bank already rents or owns punched-card equipment that is partly idle, you undertake a much less serious commitment than if this equipment is to be obtained solely to offer the service.

Even so, it is doubtful whether the time and expense required in offering the service will result in enough additional business to make the whole effort profitable for the bank, in the light of alternative ways to spend time and money. Whatever competitive advantage a bank may achieve is bound to be short-lived, since most of its competitors would offer the same service rather than lose a substantial account. The end result may be simply that the banks involved take on some of the work of their customers at their own expense.

First Step

As a first step in offering the service, we determined that the minimum user should write over 1,000 checks per month. In the Houston market, the names of 120 prospects and customers of the bank were selected who would use that number. We invited 12 of the largest of these to a luncheon and explained the service. Nearly all expressed an interest, but two or three months later, for one reason or another, none of these 12 was still interested. A mailing was next prepared, consisting of an offering circular, a letter from our president, and a business reply card on which the prospective user could make a check mark to indicate that he wanted to discuss the service further. This mailing went to the 120 prospects, and we received about seven replies.

The thin response to our mailing

A. E. CLEERE

The author is vice-president and comptroller of the First National Bank in Houston, Texas.

was a distinct surprise to us. We had really thought that the response would be so great that we would have to set up classes to explain the service and to handle the number of people who would want to know about it. We determined, then, to follow up with personal calls on the responsible officials of each of the 120 prospective users. Out of the 120 prospects, calls were made on about 90. As a matter of fact, this was the principal selling effort on the part of two of our bank's officers over a period of about three months.

At the end of the three months' personal solicitation effort there were only two certain users; there was no indication of additional balances from our offering the plan; and no one was particularly excited about it. We felt it would be well to re-evaluate our position and perhaps withdraw from offering the plan before any large user had committed himself to the extent of changing his methods and check forms. Our evaluation of the plan was then stated as follows:

\$30-a-Month Problem

Reconciliation was not enough of a problem to provide a sufficient incentive for a change in banking alignments on the part of any prospect with whom this service was discussed. On an average it seems to be about a \$30-a-month problem, and controllers of customer firms are loath to change tried and true methods because of such a small amount.

Many systems are adaptable only with great difficulty to the card-check; among these are all voucher checks, which comprise most accounts-payable operations. Some systems are not adaptable at all to the card-check; among these are all

peg-board payroll systems and certain other check systems which yield carbon copies that must be of a certain dimension and which are not, therefore, adaptable to the standard punched-card size.

The methods departments of those really large firms which already use punched-card machinery to write their checks report that to use our service would actually cost them money. They use a very inexpensive paper check, and then, when their bank statement is returned, they punch a card for each check that has cleared. These cleared cards are collated against the cards that were used to write the checks in the first instance, and the original cards representing uncleared checks are accumulated. These "uncleared" cards are then run through an accounting machine and a list of uncleared checks is developed. The bank system only "flags" the serial number of uncleared checks. The amount, payee, and date of uncleared checks must be looked up and listed in order for the user to achieve the reconciliation.

"Fine, But . . ."

On the favorable side, it can be said that simply to have developed and offered the service is indicative of progressiveness; and nearly all the companies called on thought it was a "fine thing, but not something we would want to do at this time." Anyone using the service would probably realize some benefits and would be tied more closely to the bank.

Our position, after this experience, has been to adopt a "wait-and-see" attitude. If the use of card-checks becomes more extensive in our trade area, and particularly if we start receiving requests from large customers asking us to institute the service, then our attitude would become much more favorable toward re-activating the service. However, we felt that, as disinterested as our market seemed to be, we did not

(CONTINUED ON PAGE 66)



Old Republic

Announces



Complete Instalment Credit Insurance

with

Credit Life, Accident and Health

combined with

Complete Casualty Coverage

also

Credit Loss Insurance

(on home repair loans)

through



Old Republic Life Insurance Company

Chicago 1, Illinois

Old Republic Insurance Company

Greensburg, Pennsylvania

James H. Jarrell, *President*



*We look forward with pleasure to meeting with you at the Instalment Credit Conference
in St. Louis*

FIRST...CHECK FIRST



What's that "BOOM" you hear down South?

It's the mighty sound of new industry, expanding to every corner of the South, making and distributing products for this dynamic market of 22 million prosperous people. What's here for your customers? First check the bank that knows the South...

THE *First* NATIONAL BANK OF ATLANTA



The bank
that knows its neighbors

MAIL TODAY

The First National Bank
Atlanta 2, Georgia

Dept. H-16

Sounds like it's going to be music to my customers' ears. So please rush information on:

Name _____

Address _____

City _____

Zone _____ State _____

(CONTINUED FROM PAGE 64)

want to be in a position of selling our customers and prospects on a system and supplies that might prove to be unsatisfactory to them for their own internal reasons. In almost every case, a change in system and check form would have been required.

Undoubtedly there are market areas with much larger payrolls than Houston where punched-card checks are in more general use and where the system could be of relatively more service. There have recently been improvements in the design of voucher-type punched-card checks where the check is attached, with an interleaved carbon, to the paper voucher. The reconciliation system may be more important in 10 years than it is now. Nevertheless, our experience was uninspiring.

Welman Endorsed

THE Associate Bankers of St. Louis and St. Louis County have adopted the following resolution:

"Whereas, Joseph C. Welman represents the very highest type in integrity, capacity and skill in our profession, and the substantial qualities of leadership and of many evidences of progressive service which appear in his record as an outstanding banker qualify him uniquely for selection as Vice President of the American Bankers Association.

"Be it therefore resolved, that his candidacy is hereby unanimously approved by the Associate Bankers of St. Louis and St. Louis County."

Mr. Welman is president of the Bank of Kennett, Kennett, Mo., and chairman, A.B.A. Country Bank Operations Commission.

"For a cooperative bank they certainly want their own way"



PR Progress

(CONTINUED FROM PAGE 55)

sales campaign for the banker to explain the services of his financial department store and to sell people on trying them. Special events are an opportunity to sell the bank to the public in a warm, personal, appealing way; an opportunity to make your bank sparkle with dramatic action, opening the doors and inviting the whole town to experience banking in action as it lives and breathes.

JULIAN L. MARWELL, "Window and Lobby Displays": Traffic studies show customers are a receptive audience for displays and advertising at tellers' windows. Effective interior display in harmony with decor should be behind tellers' counters and an integral part of the design.

The second session of the progress conference was concerned with coordinating state and national public relations programs. (See top right picture, page 55.)

Panel members agreed: There is no lack of public relations tools and ideas. Many worthwhile activities have been carried on by state associations, the American Bankers Association, and the Financial Public Relations Association; but public relations efforts have been sporadic and uncoordinated. The ultimate in a public relations program, so far as state associations are concerned, must spring from the grass roots. No program superimposed from above can take the place of sound activities by individual banks. For associations, the goal is the individual bank working through organizations on a group or county unit basis.

National and state programs are in the realm of human relations in which results are achieved, not by doing something new, but by doing and saying the things which appeal. We have to make a continuous effort.

Now-a-days a pedestrian isn't even safe when he is riding.

There is no real saturation point in the automobile market but there is in drivers.

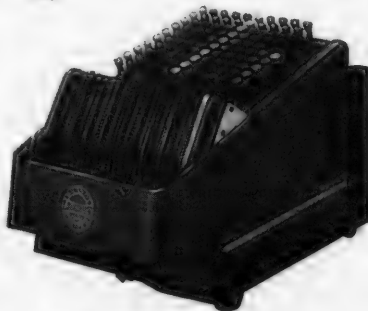
Many a poor relative has a rich skinflint he would love to touch.

Trademarks
"BRANDT" and "CASHIER" mean...
Speed, accuracy, durability



MODEL 250 — BRANDT AUTOMATIC CASHIER

Delivery chute type. Coins delivered direct to customer upon depression of a single key.



MODEL 150 — BRANDT AUTOMATIC CASHIER

Trap door type. Coins delivered to customer by operator following depression of a single key.

The trademarked titles "BRANDT" and "CASHIER" have long been synonymous with speed and absolute accuracy in the mechanical payment of coin. They identify the BRANDT AUTOMATIC CASHIER, a machine that will give trouble free, accurate service for a long period of time.

There is no substitute for a BRANDT AUTOMATIC CASHIER.

Every teller should be equipped with a BRANDT.

Other BRANDT products

- Coin sorting and counting machine
- Coin counting and packaging machines
- Coin wrappers and bill straps

BRANDT AUTOMATIC CASHIER CO.
 WATERTOWN WISCONSIN

Established 1890

"Brandt" and "Cashier" registered United States Patent Office and Canadian Trade Marks Office

\$82,000,000 for Bank

G. EDWIN HEMING

MR. HEMING is manager of the American Bankers Association's Advertising Department.

THE big news is that commercial banks will spend an estimated \$82,000,000 for bank advertising this year—up \$10,000,000 from a year ago and a new all-time record. These figures are based on a survey just completed by the American Bankers Association Advertising Department, the 11th in a series of annual studies on this subject.

Banks in all deposit classifications, except those having under \$1,000,000 in deposits, will, on the average, spend more than they did last year. The smaller banks will average approximately the same expenditure as their 1955 budgets. Stated another way, 58% of the reporting banks will spend more than in 1955; 33% will spend the same amount; while only 9% will spend less.

Comparative Figures

An accompanying chart shows the comparison of average expenditures in varying deposit classifications for each year from 1946 to date, as well as the average and the maximum amount for 1956. The average figures shown in this chart are not recommended as the amounts which other banks in the same deposit classification should spend for advertising, but are listed simply for reference purposes after each bank has figured a budget based on the job to be done in its own locality. In some cases, it may be advisable to spend even more than the maximum amount shown in the chart for a bank of any given deposit size. For example, a new bank or an established bank in a highly competitive area might well spend a great

deal more than others of similar size in order to win and hold depositors and borrowers.

It was stated by 1,392 banks that the important advertising job is: "to sell the advantages of dealing with a bank for specific and complete financial services." Here is the way some bankers expressed themselves on this subject:

"We believe that banks need to do a better job of selling the public on the bank as a logical place for complete financial services."

"Emphasize the thrifty aspects of using bank services. Cost of the services we render is lower than competitive agencies."

"Getting people into the bank is the first consideration; then it is up

to the bank to sell them any and all bank services."

"Major stress should be on the advantages of choosing a bank for complete financial services and, secondly, to promote thrift."

"Sell Banking as a Whole"

Similarly, 1,337 banks stated that this is the major bank advertising job for 1956: "to sell banking as a whole, and its public service aspects, through educational and informative advertising." Some bankers in this group phrased it this way:

"Our campaign to sell the bank, as a whole, is paying off. Our deposits have increased approximately 40% over last year, and almost 100% over the last two years."

Emphasis Chart

Figures Given Indicate Total Number of Banks Which Will Give First, Second or Third Emphasis to That Particular Service

| 1956 Service | Number of Mentions | 1956 | 1955 | 1954 | 1953 | 1952 | 1951 | 1950 | 1949 | 1948 | 1947 | 1946 |
|--------------------------|--------------------|------|------|------|------|------|------|------|------|------|------|------|
| Savings, thrift..... | 2175 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 8 | 10 |
| Regular checking..... | 1957 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 5 | 8 |
| Auto loans..... | 1219 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 1 | 1 |
| Bank-by-mail..... | 586 | 4 | 7 | 5 | 7 | 7 | 7 | 7 | 7 | 13 | 15 | 13 |
| Personal loans..... | 511 | 5 | 4 | 4 | 4 | 4 | 5 | 6 | 9 | 5 | 3 | 3 |
| Farm production loans.. | 442 | 6 | 6 | 7 | 6 | 5 | 4 | 5 | 4 | 6 | 4 | 4 |
| Mortgage loans..... | 439 | 7 | 5 | 6 | 5 | 6 | 6 | 4 | 5 | 4 | 2 | 2 |
| Repair loans..... | 388 | 8 | 8 | 8 | 8 | 8 | 11 | 10 | 11 | 8 | 9 | 6 |
| Institutional..... | 330 | 9 | 9 | 11 | 11 | 9 | 12 | 13 | 12 | 11 | 12 | 12 |
| Special checking..... | 330 | 10 | 12 | 9 | 9 | 10 | 13 | 11 | 8 | 12 | 10 | 11 |
| Safe deposit..... | 319 | 11 | 10 | 10 | 10 | 12 | 10 | 12 | 13 | 14 | 16 | 15 |
| Farm equipment loans.. | 209 | 12 | 11 | 13 | 13 | 13 | 9 | 9 | 6 | 7 | — | — |
| Business loans..... | 190 | 13 | 15 | 12 | 12 | 11 | 8 | 8 | 10 | 9 | 7 | 7 |
| Trust services..... | 177 | 14 | 15 | 15 | 14 | 14 | 14 | 14 | 14 | — | — | — |
| Home appliance loans... | 175 | 15 | 14 | 14 | 15 | 15 | 15 | 15 | 15 | 10 | 6 | 5 |
| Life insurance loans.... | 107 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 17 | 17 | 13 | 9 |
| Educational..... | 67 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 16 | 16 | 14 | 14 |

Advertising This Year

"We believe that banks need to do a better job of informing the public of the things banks do, and of the ways in which they serve the banking needs of the people."

The Major Job

The major job, according to 801 banks, is: "to sell savings and thrift with aggressive advertising, featuring the bank as a place to save." These are some of the reasons bankers gave for this viewpoint:

"Because of rates, our competition is greater for savings, so we are becoming more aggressive in our savings advertising and will continue this policy in 1956."

"Complete one-stop service is our answer to savings competition."

"We feel very much the need to sell thrift in this agricultural area. As our slogan puts it: 'Save for the day it *doesn't* rain.' This is based on two crop failures in 1954-1955."

"We believe that the A.B.A.'s 1955 theme, stressing the fact that more people save in banks than any other

place, pinpoints the problem and should be continued and emphasized until it becomes a by-word in the mind of the public."

"Savings advertising must be positive—not aimed at other groups."

"To obtain as much deposit business as possible is our aim for 1956. Our loan picture dictates that 75% of our advertising emphasis should be on deposits."

"We hold that we should sell our own bank and its services aggressively, objectively, and constructively, and not advertise negatively by making odious comparisons."

"Our thinking is that credit has been advertised to such an extent that people have lost sight of the fact that *savings* make loans possible."

Some banks checked all three of the foregoing classifications, which accounts for the fact that the total number of banks answering this question exceeds the total number of banks that returned the questionnaire.

There is no question as to the main advertising objective of banks in 1956. The accompanying emphasis chart indicates the overwhelming top priority given to the solicitation of deposits. Savings and thrift lead the list, as they did in 1955, closely followed by checking accounts. There are changes from a year ago in the emphasis of the following services: Banking by mail has jumped from 7th to 4th place; mortgage loans have dropped from 5th to 7th; special checking accounts are in 10th instead of 12th position; and business loans have moved up from 15th to 13th place.

As they have for many years, more banks will use newspapers in 1956 than any other advertising medium. Next in order are: direct advertising material (printed folders, letters, etc.), calendars, window and lobby displays, radio, specialties, outdoor billboards, theater (slides and shorts), television, and bus and car cards. The only two changes in sequence during the past year are: calendars moved slightly ahead of window and lobby display (based on the number of banks that said they would use each medium in 1956); and television moved a notch ahead of bus and car cards.

1956 Advertising Expenditures

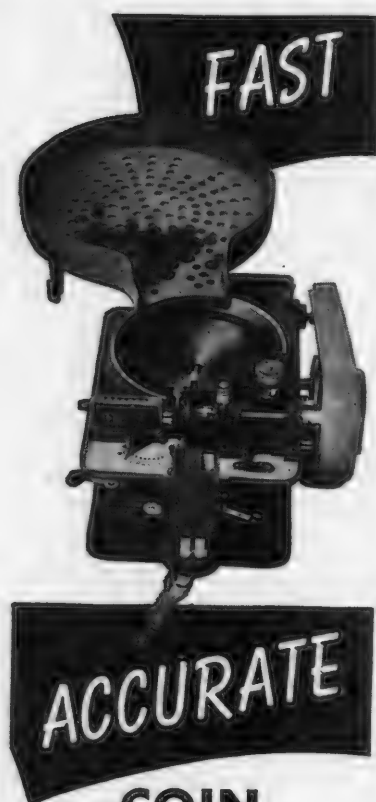
All Commercial Banks in the U. S.

| Deposits Under | Number of Banks in U. S. | Number Questionnaires Returned | 1956 | 1956 | COMPARISON OF AVERAGE EXPENDITURES | | | | | | | | | |
|------------------------|--------------------------|--------------------------------|--------------------------------------------|--------------------------------------------|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | | Maximum Expenditure (for bks listing same) | Average Expenditure (for bks listing same) | 1955 | 1954 | 1953 | 1952 | 1951 | 1950 | 1949 | 1948 | 1947 | 1946 |
| \$1-mil. | 2626 | 219 | \$ 5000 | \$ 534 | \$ 546 | \$ 419 | \$ 557 | \$ 445 | \$ 485 | \$ 410 | \$ 450 | \$ 385 | \$ 285 | \$ 266 |
| \$1-mil. to \$5-mil. | 6959 | 1531 | 16,000 | 1502 | 1355 | 1297 | 1235 | 1165 | 1025 | 900 | 1050 | 900 | 760 | 698 |
| \$5-mil. to \$10-mil. | 2093 | 629 | 40,000 | 4077 | 3814 | 3749 | 3471 | 3216 | 2710 | 2600 | 2500 | 2265 | 2160 | 1780 |
| \$10-mil. to \$25-mil. | 1289 | 431 | 140,000 | 9794 | 9045 | 8164 | 7498 | 6747 | 6335 | 5970 | 5540 | 4765 | 5030 | 4383 |
| \$25-mil. to \$75-mil. | 516 | 190 | 80,000 | 28,859 | 21,669 | 21,248 | 20,015 | 17,435 | 15,945 | 16,020 | 15,854 | 12,835 | 15,390 | |
| Over \$75-mil. | 302 | 117 | 1,000,000 | 103,773 | 100,785 | 95,990 | 86,410 | 71,697 | 67,520 | 56,750 | 55,400 | 64,120 | 62,750 | 23,954 |
| TOTALS | 13,785 | 3117 | | | | | | | | | | | | |

Based on this survey, the Advertising Department estimates total advertising expenditures for ALL COMMERCIAL BANKS IN U. S. for 1956 to be about \$82,000,000.

Participants in Survey to Get Full Details

If your bank returned the advertising department's questionnaire, you will automatically receive a detailed tabulation of the findings of this 1956 survey which is now being printed. This report will show the range of advertising expenditures, as well as the averages, of banks in each million dollar deposit classification from \$1,000,000 to \$10,000,000, and for many other deposit size groups above \$10,000,000. A copy of this special report also will be sent, on request, to other banks or their advertising agencies, as long as the supply lasts.



COIN COUNTER

- ✓ **FAST** — Will count up to 2500 coins per minute. Other models to 3000 coins.
- ✓ **ACCURATE** — The Abbott counting arrangement is positive and completely accurate.
- ✓ **RUGGED** — Abbott counters are the sturdiest built. They give faithful, trouble-free service.

Our complete line of coin wrappers, sorters, counters, currency trays, coin cabinets, etc., backed by 45 years of service is the reason banks count on Abbott. Write today for complete catalog.



144th St. and Wales Avenue
New York 54, N. Y. • LUdlow 5-1200

New Haven

(CONTINUED FROM PAGE 45)

tent executive director in charge. The CAC top group meets in my office once a month to review and evaluate all aspects of our program. The six "action committees" meet at regular and frequent intervals to work in the fields of their special interest.

This top level group and the several hundred citizens associated in its work through the six CAC action committees have become a prime force for progress in New Haven today.

I cannot overestimate the importance of Carl Freese's leadership in this program of rebirth. He has helped us all to be bold when it was time to be bold, to move slowly when prudence called for caution, to see the job as a whole. A banker is a man who puts things together, not one who tears them apart. We have found in Carl Freese a master builder.

I believe that we in New Haven are at long, long last on our way. We are fortunate in having had complete cooperation from the state, both from the Governor's office and from the Highway Department. We have had very fine help from one of our United States Senators, Prescott Bush, and from local and state leaders of both political parties.

Some Projects

Our New Haven Action Program is built around a new highway system designed to take through traffic off our city streets and at the same time to bring traffic downtown and distribute it in an orderly way.

Our sprawling wholesale fruit and produce market area, a sore spot in many cities, is to be replaced with a fine, new market, properly located.

We have just opened a pigeonhole garage—the first one in America to be operated by a municipal parking authority. With the help of a professional traffic engineer, better use is being made of our existing city streets.

A major school building program is under way — including replacement of our two obsolete high schools. New recreation areas with modern equipment are being built in crowded neighborhoods where they are most needed.

A once fine residential neighborhood is being rehabilitated with the enthusiastic cooperation of the residents, a modern housing code, and, we expect, a federally aided urban renewal program for which a planning application has been approved. The major new investment in this neighborhood will be private capital.

Our first major redevelopment project has received all necessary local approvals. Federal financial aid is assured. Property acquisition should begin in about four months.

This project will mean clearance of a 10-block area which is now the city's worst slum and its replacement with an investment of public and private funds of \$30,000,000. Half of the \$30,000,000 will come from investments made by private enterprise. For example, there will be on one 200,000-square-foot parcel the largest office building in the city, which will accommodate 1,400 employees of one of the major New Haven employers. Then there will be three blocks devoted to residential use for a total of approximately 700 fine new apartments—again financed, built, and operated by private capital. They will be open to everyone, will pay full city taxes, and, we believe, will encourage people to move downtown instead of out to the suburbs. The State Highway Department will invest over \$10,000,000 in the Oak Street Connector through the project area, bringing throughway traffic to the center of the city. The Federal Government will invest just under \$2,500,000 as a capital grant to make up its two-thirds share of the difference between the cost of acquiring the properties and the price we receive from redevelopers.

Finally, the city will coordinate some \$600,000 of planned public improvements and receive full credit for them. Then there will be a direct city investment of some \$600,000. These two taken together will form the city's one-third share. Of major interest to us as a municipality is that the increase in tax revenue resulting from the redevelopment program will yield us approximately \$175,000 a year, a rate which we consider to be a very good one indeed.

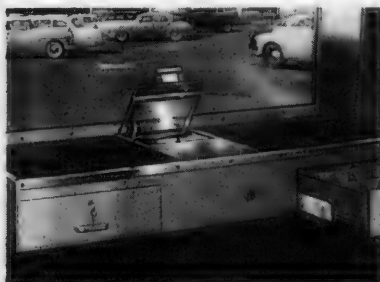
This total program is what we call redevelopment in New Haven. People are getting to know the term "redevelopment." They see it as a word which means improvement and progress.

What a look over the teller's shoulder shows about the Mosler Picture Window



1. Even customers approaching the Mosler Picture Window for the first time seem entirely at ease. There's something more personal, more inviting about its modern, open look. Teller and customer are able to see, and talk with each other so naturally that neither is conscious

of the clear-vue bullet-proof glass between them. Note that lid of the deposit unit is of the same clear-vue material. This keeps checks and money involved in the transaction in view of customer as well as teller at all times, yet protected from wind and other hazards.



2. Note that all (not just part) of the counter space inside is usable for change machines and other equipment. No space-wasting cutaway in the Mosler counter . . . no "angled-in" counters that also steal needed work area. Notice—there are two big cash drawers below for coins, bills, storage.



3. The new two-way communications system is the next thing to note. It makes easy, normal-tone conversations possible, while teller's hands are free at all times, and vision is unobstructed. Microphone and speakers are above eye-level. Acoustics in window are without equal in drive-in equipment.



4. And notice how the touch of a single button by the teller slides the ingenious Mosler deposit unit out . . . opens the lid . . . and allows the customer to reach directly into it (without arm or wrist contortions, or fear of sudden closure). This is the most easily accessible unit of its kind. Safest. Most wind-resistant.

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Chorus line in one of the Harris Bank's former shows

Harris Bank's Evening of Fun

THIS is the time of year when unbusinesslike sounds are heard more and more persistently at the Harris Trust and Savings Bank in Chicago. The source of the sounds is the Harris Bank lunchroom, and they're heard only after banking hours. The reason for the sounds is that, for the eighth consecutive year, a large group of Harris Trust staff members are rehearsing the bank's yearly show. Chorines and comedians, writers and composers—

the Harris Bank has them all among its 1,100 staff members. The show, sponsored by the bank's Fellowship Club, provides not only a means of showing off nonbanking talents but an enjoyable evening of wholesome entertainment for 2,500 members of the bank staff, their families, and some bank customers, too.

This year's Harris show, now getting into production, is titled "Hotel Sunfish" (located, it is said, on beautiful Sunfish Lake).

Moving spirit behind all eight shows to date has been James F. Bailey, who during banking hours is an assistant secretary in the Harris trust department. Mr. Bailey writes the book, directs the show, and also writes the lyrics for the show's score. "Hotel Sunfish" will have a score of 18 tunes. William O. Heath, vice-president in charge of the Harris trust department, will contribute one of these as he has for several years, and the rest are by William N. Flory, manager of the business development department. Mr. Flory is also musical director.

Herbert J. Ullmann, trust department, is the show's producer, and John Stevens of the personnel department is stage manager. Mildred Sass of the training division designs and creates the costumes.

Starting as program-type shows with little continuity and an occasional skit spoofing the bank, the shows have gradually changed character through the years until now they are full-fledged musical comedies, with story-line, music and lyrics.

Harris management considers the show one of the bank's best investments in terms of employee morale, staff relations, and as a vehicle for including the staff's families in an evening of fun.



Betty Stark, Beryl Sprinkel, and Charles Hedges in the song "Up Above" from an earlier show titled "J. Burlington Beamish"

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B-3

DOLLARS to Fight CANCER



THE American Cancer Society states that in 1956 cancer will make medical indigents out of more American families than any other single disease. At the same time it will take a \$12-billion chunk out of the national economy.

Approximately \$600,000,000 a year is paid out in insurance to beneficiaries of cancer victims. More than 113,000 man-years are lost annually in industry because of cancer disabilities, a loss which represents about \$427,000,000 in earnings and \$55,700,000 in Federal income tax revenue.

DO YOU ever wonder what happens to the money you contribute to philanthropic organizations? In April the American Cancer Society will have its annual fund-raising "crusade." What happens to the money it will raise is told in three words which stand for what the society does. They are Education, Research, and Service. The society has one goal: to find a preventive or cure for a disease which can strike anyone, which takes a bigger toll of men than women, and which happens to be the biggest disease killer of children. Until that goal is achieved—preventive or cure—the society seeks to save lives with its threefold program.

It tells the public—through such means as pamphlets, films, TV, magazine and newspaper articles, talks in factories, and talks on the air—how to watch out for cancer's danger signals. It keeps the medical profession informed of the latest diagnostic and therapeutic methods for the detection and treatment of cancer. It sponsors—and underwrites—a farflung research program in 152 universities, hospitals, and laboratories—with more than a thousand topflight scientists ceaselessly searching for the solution of the mystery that will bring a preventive or cure for cancer: why a cell becomes erratic and produces cancer. And until that mystery is solved it provides service to patients to ease the family burden, by free care, free dressings, free transportation, volunteer companionship for the bedbound.

The American Cancer Society is a national organization devoted to the conquest of cancer. Its 60 divisions blanket all the states and

Alaska, with more than 3,000 local units working directly in communities. Funds raised in its annual April crusade are realistically divided and spent to further in the most efficient way possible its threefold program:

60% stays in the divisions in which the money was raised, for statewide education, research, service.

25% goes to the national research program.

12% is used by the National office for professional (medical) education, public education, statistical research, administration, fund-raising—and service to patients.

3% goes to a national program of medical grants and clinical fellowships.

Millions for Research

Ten years ago only about a million dollars was being spent in cancer research. Today the American Cancer Society alone is spending \$6,000,000 to find a preventive or cure. This figure represents the 25% listed above for the national research program from the \$24,000,000 collected last year.

If talking in millions is a little confusing, take a look at a \$10 contribution to the society. This is what happens to the average \$10 bill in any community: \$2.80 goes for research; \$2.40 goes to service for cancer patients; \$2.40 goes to public and professional education; 70 cents goes to medical service grants; \$1.70 goes to fund raising and administration.

Here is a kaleidoscopic view of some of the specific things the society does with the money it raises:

\$5 pays for 4,000 "Cancer Danger" leaflets (containing life-saving information) distributed free to the public.

\$10 pays for 10 subscriptions for 10 doctors to *CA*, a professional publication which keeps the medical profession informed of the latest advances in the field of cancer.

\$16.10 is the cost to divisions of a 16 mm. print of the film, *Breast Self-Examination*, which has been shown to more than 5,000,000 women (cost of 35 mm. print, \$72.70).

\$45 is the cost of one day's maintenance of a patient in a metabolic bed for research study. This includes expert care by clinicians skilled in the management of cancer, and services by highly specialized technicians.

\$150 is the cost of one print of the film, *Lung Cancer, the Problem of Early Diagnosis*, which is shown at special medical meetings, to hospital staffs, medical schools, etc.

\$3,700 has been spent toward the development of an improved electron microscope which enables scientists to observe the action of minute particles in living cells.

\$6,900 is the cost of 14 TV film "spot" announcements of the "Seven Danger Signals" of cancer.

\$13,618 is being spent to identify industrial chemicals which can cause cancer in animals and may cause cancer in humans.

\$143,000 has been spent toward developing an electric scanner for high-speed screening of Papanicolaou smear slides, for early detection of several types of cancer in women.

\$389,095 is being spent to train selected young research scientists.

\$1,000,000 is being spent on an intensive research attack on lung cancer.

This year the American Cancer Society hopes to raise \$26,000,000 in its April "crusade" campaign.



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New FNMA Mortgage Repurchase Plan

THE new mortgage repurchase option plan of the Federal National Mortgage Association (FNMA) allows holders of acceptable mortgages to raise immediate cash by selling to FNMA with a 9-month option to repurchase the same mortgage at the same price. A moderate fee will be charged for this auxiliary assistance.

Formerly, VA- and FHA-secured mortgages were purchased with no specific agreement for repurchase of the same mortgages by the same sellers. On becoming part of FNMA's secondary market portfolio they were subject to purchase by any qualified investor. Now lenders can get the same mortgages back at the same selling price, and during the interim have available funds to pursue their operations. The lender is under no obligation to exercise the option at the expiration time.

1-Point Fee on Unpaid Balance

To obtain the option there will be a 1-point fee based on the unpaid balance of the mortgage at the time of purchase by FNMA. This is in addition to the usual fees and common stock purchase now required on mortgage sales to the Association.

Other advantages to both seller, and the Association, were listed as: (1) Preserving the FNMA common stock subscription requirement, retaining the principle of retiring the Government's preferred stock, and for providing for the eventual transfer of the secondary market operations to the holders of the common stock; (2) making a larger amount of funds available to sellers and, as a result, to builders, than is available under the customary borrowing or "rediscounting" operations; (3) improving the distribution of investment capital available for home mortgage financing; and (4) maintaining the character and scope of the Association's basic functions within the basic form contemplated by the existing FNMA Charter Act.

Enough money means more money than you now have.

We certainly have a bumper crop on the highways.

BANKING



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ROBERT COOPE

Saarland banking team confers with A.B.A. officials. Complete identification is given below

News for Country Bankers

This department is edited by MARY B. LEACH of BANKING's staff.

Key Banker Duties Bulletin

A BULLETIN featuring the duties and names of county agricultural chairmen (county key bankers) for all Kentucky counties has been prepared by the Agricultural Committee of the Kentucky Bankers Association. The chairman of this committee is L. Felix Murray, executive vice-president, New Farmers National Bank, Glasgow.

The bulletin states that in 1956 KBA will endeavor to aid, as much as possible, in the development of local programs of activities through which bankers and farm leaders may be of greatest service to agriculture.

Extension's Credit Folder

"LET Credit Work for You" is the title of a folder prepared by the Extension Service of the Oregon State College, Corvallis, for distribution to farmers.

It includes case examples of three typical farmers, Sam Shortcash, Tim Tightfast, and Frank Foresight.

A Saar banking team spent a whole day at the American Bankers Association's New York offices exploring United States practices in financing exports, agricultural production, private home construction and other types of construction; also instalment buying and credit, and U. S. methods of granting loans to industrial and commercial enterprises. (Photo of consultations is shown above.) Following their A.B.A. briefing, the Saarlanders spent several weeks in the States studying the American free enterprise economic system. Shown in the picture clockwise around the table are

Walter B. French, A.B.A. deputy manager in charge of the Credit Policy and Small Business Credit commissions; Richard Hupp, board member, Kreissparkasse, Saarbrücken; Karl Heinz Haumann, manager, Saarlandische Kreditbank, Saarbrücken; Edgar T. Savidge, A.B.A. deputy manager in charge of the Agricultural Commission; Thomas B. Nims, secretary, A.B.A. Savings and Mortgage Division; Marguerite Stahl, interpreter; August Altemeyer, board manager, Saarlandischer, Genossenschaftsverband, Saarbrücken; and N. E. Philpot, ICA, Washington

The folder also includes factual data on "Credit for Capital Investments," explaining the difference between short-term, intermediate, and long-term credit.

Farm Mortgages Expand

"THE expansion of Government-sponsored mortgage loans to include farm residential property has resulted in an increasing volume of loans each year," Earle A. Welch, president of the Savings and Mortgage Division of the A.B.A., said in an address before the recent regional Savings and Mortgage Conference in Kansas City.

"During the first six months of 1955," he said, "the dollar volume of farm mortgages recorded was 29% larger than for the corresponding period in 1954, with a total of \$1.3-billion. This amount was greater than for any previous 6-month period since records have been kept available. The farm mortgage debt is approximately \$9-billion, which represents an increase of 10% for the year, and has nearly doubled in a 10-year period.

"The farm financial situation is somewhat confused. Farm prices and farm income are lower, yet the total value of farm assets and of owners' equities in these assets are

higher. No doubt the explanation lies in the rising values of farm real estate."

CED Living Standard Study

MEASURES designed to help farmers attain a high and rising standard of living without continuous Government accumulation of surpluses and without production controls were proposed by the Research and Policy Committee of the Committee for Economic Development.*

The Committee identified three fundamental problems requiring public action: (1) too much production of some farm products; (2) too much instability of farmers' incomes; (3) too many full-time farm families with very low incomes.

The committee proposed establishment of a nonpartisan agricultural stabilization board to determine broad policies and to help protect policy decisions from short-run political demands.

The committee opposed continuation of high, rigid price supports as "wasteful" and "self-defeating." It also opposed using a "two-price system" to dispose of surpluses abroad at prices lower than prevail in this country.

Economic Policy for American Agriculture, the title of the study, is one of a series of studies of national economic problems issued by CED, a nonprofit research organization of leading businessmen and educators.

* 444 Madison Avenue
New York 22, N. Y.

Mr. O'Hair, center, is shown presenting his bank's "Master Conservationist" award to Mr. and Mrs. George M. Rissler, center left. At left, M. F. Conner, tenant, co-winner of the "Landlord-Tenant" award. At right are Mr. and Mrs. Robert Sutherland and daughter, winners of the "Master Practitioner" award



Lasser's Farm Tax Booklet

"How to Save Money on Your Farm Income Tax" is the title of a new booklet prepared by the J. K. Lasser Tax Institute and offered free by the Nitrogen Division of Allied Chemical & Dye Corporation.*

Among the subjects covered are how to compute your farm income, forms to use, farmer's self-employment income, declarations for farmers, and crop damage payments. Especially helpful is a section entitled "Special Tax Saving Check List for Farmers."

* 40 Rector Street
New York 6, N. Y.

Bank Names John Griffin

THE newly created Farm Service Department of the Monmouth Trust and Savings Bank, Monmouth, Ill., is to be headed by John Griffin, who for the past eight years was supervisor of the Illinois Soil Experiment Fields in the western part of the state.

Mr. Griffin is a graduate of the College of Agriculture, University of Tennessee, and took graduate work in agronomy at the University of Illinois.

Profit-from-Pasture Awards

THE Central National Bank of Greencastle, Ind., held its annual Profit-from-Pasture meeting recently in conjunction with the annual meeting of the Putnam Soil Conservation District at Russellville, with the business interests of Russellville as hosts.

R. Willis Stout of Jefferstown, Ky., soil editor of the *Kentucky Farmer*, presented a colored-slide report of soil building on his family's 127-acre dairy and stock farm 30 miles southeast of Louisville.

Following the noon luncheon, Fred L. O'Hair, president of Central National, presented conservationist "degrees" to those who had made outstanding contributions to soil conservation work during 1955.

Technology in Farming

EIGHT effects on agriculture as an industry were enumerated by Dr. George Montgomery, head of the Department of Agricultural Economics, Kansas State College, Man-



hattan, Kan., in an address before the Farm Mortgage Luncheon of the Regional Savings and Mortgage Conference of the American Bankers Association in Kansas City.

William J. Kinnamon, president, New Jersey Bankers Association and executive vice-president, Hunterdon County National Bank, Flemington, presents a copy of *Garden State*, a complete and comprehensive discussion of New Jersey agriculture, to Ferris Owen. Mr. Owen is vice-president of the Ohio Farm Bureau, Columbus, and was one of 12 American farmers to make a recent 6-week tour of Russia. He and Dr. Frank App, director of research of Seabrook Farming Corporation, Bridgeton, N. J., were speakers at the NJBA's annual Farmers and Bankers' luncheon, attended by 384

hattan, Kan., in an address before the Farm Mortgage Luncheon of the Regional Savings and Mortgage Conference of the American Bankers Association in Kansas City.

"Rapid adoption of scientific methods and improved technology is changing the characteristics of farming as in industry," said Dr. Montgomery at the start of his discussion of the eight effects. Continuing, he said:

(1) Farms are becoming fewer in number. In 1945, we had nearly 7,000,000 farms in the U. S. The Census reported 6,859,000 farms in 1945. Nine years later, in 1954, there were only slightly more than 5,000,000. The Bureau of Census reported 5,100,000. In Kansas, the number of farms declined from 175,000 in 1935 to 120,000 in 1954.

(2) The number of large farms is increasing. In 1954, there were twice as many farms of 1,000 acres or larger than in 1925 (130,463 as compared to 63,328 in 1925).

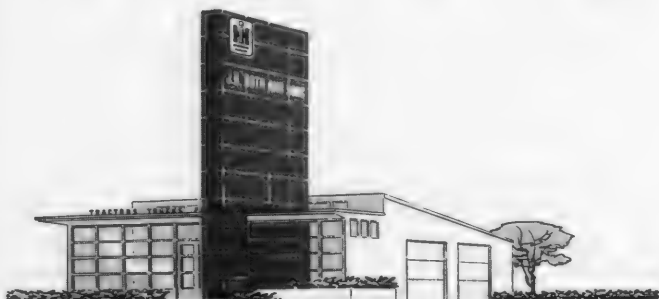
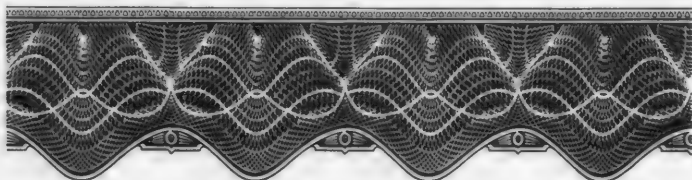
The number of medium-sized farms (10 to 100 acres) is decreasing rapidly. The number of farms in this size group decreased by 450,000 from 1950 to 1954, or 17.8%. The number of very small farms (10 acres or less) is increasing. Farms of this size make up 10% of the total at present, compared to 6% in 1925.

(3) The number of persons on farms is decreasing rapidly. In 1940, 30,500,000 persons were living on farms. In 1950, the number had declined to 25,000,000; and the number has decreased another 3,000,000 during the last five years. Currently, 13% or about one-eighth of our population, live on farms. In 1940, the average farm work-

(CONTINUED ON PAGE 138)



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All IH Farm Equipment has the solid look of security.

It's a look based on financial fact. Seen on farms everywhere, shiny-red IH power equipment, like this popular Utility Tractor, has a history as sound as any first-class investment.

That's because it helps the farmer do more work with less help. It cuts his production cost, increases his profit.

Today's power-minded farmer operates on a sound business basis and is an excellent credit risk. Investment in solid IH equipment helps keep him that way.

International Harvester is proud of its dealers and the important job they do in improving all agricultural progress. Why not talk to the one in your community? His experience can lead to good business for you—and your farmer customers.

INTERNATIONAL **IH** HARVESTER

Water, Our Basic Need

"If I seem to be playing and replaying a theme which points the finger of responsibility for the care of our resources and the health of the economy in the direction of bankers, it's purely intentional."

ALBERT E. BURKE

DR. BURKE is director of Graduate Studies, Yale University Conservation Program, New Haven, Connecticut. The timeliness of his subject is emphasized by the submission to Congress of a long-range water resources program by President Eisenhower. Dr. Burke also spoke on this same problem before the National Agricultural Credit Conference of the American Bankers Association in Chicago.

I HAVE fully as great faith in man's ingenuity and his ability to solve problems as just about any one, but as a scientifically trained person I am worried about the way science is being substituted for common sense by too many people in critical places who are responsible for the present and future health of our economy. I am worried about people who do not see the clear and obvious relationships that exist between our ideas, our policies and management principles, and our resource base.

4 Times as Much Water a Day

Right now, our resource base is being called upon to provide four times as much water per person per day as it was required to give each person back in the 1900s. Our population doubled in that time, but our demand for water, on the average, quadrupled. During the same period of time, our use of minerals for industry and agriculture went up eight times, our power consumption per person increased 11 times, paper consumption went up 14 times; and I could go on with a list to show that our demand for all resources today to support our standard of industrial and agricultural operations is now consuming about 60% of all the raw materials produced by the whole human race. Six percent of the world's population consuming 60% of the raw materials to meet needs of all the people on earth!

President Eisenhower Submits Long-Range Water Resources Program

President Eisenhower has submitted to Congress a long-range water resources program designed to insure an adequate supply of water for domestic and agricultural purposes. His program is based on a 35-page study covering a span of 20 months by three members of his Cabinet; namely, Secretary of the Interior Douglas McKay, Secretary of Defense Charles E. Wilson, and Secretary of Agriculture Ezra Taft Benson.

Among the recommendations included in the President's program is a proposal that a bigger role be provided for state, local, and private interests in the development of water resources projects in cooperation with the Federal Government and that interests benefiting directly from the water resources projects pay a larger share of the cost of these benefits than at present.

The Cabinet group, known as the Presidential Advisory Com-

mittee on Water Resources Policy, proposed the creation of a coordinator of water resources in the executive office of the President. There would also be established a new independent board of review to analyze the engineering and economic feasibility of water resources projects.

The Cabinet officers emphasized, as have other study groups, that the greatest single weakness in the Federal Government's water resources activities is the lack of cooperation and coordination of Federal agencies. It was estimated that about 25 agencies participate in some aspects of water resources development.

It was pointed out that there is a growing scarcity of water.

The Presidential Committee's report parallels the recommendations in this field by the Commission on Organization of the Executive Branch of the Government.

Until about 30 years ago, our fabulously wealthy resource base here at home in the United States provided us with just about everything we needed to keep our economy healthy and expanding. Today, our economy has expanded beyond many of our domestic resource supplies, right into the resource supplies of 53 different places on earth outside this country where people, as yet, aren't using those supplies for themselves. This is a very important part of our political and economic affairs here at home and in international affairs.

In several parts of this country,

we have expanded our agricultural and industrial activities beyond the water resource supplies in those places. Unlike our mineral shortages, which can be hauled in on railroads and by sea, water is not easily or inexpensively transportable. One such overexpanded place is the Rio Grande Valley where today 2,000,000 acres of land are under irrigation. In terms of water requirements out there—to assure each individual plant grown on those irrigated fields enough for that plant's needs—there is enough water in the Basin each year to meet the needs of only 1,600,000 acres. In terms of

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water supply, the area is 20% over-developed today. I know how much a part of our national philosophy our ideas about a constantly expanding economy are, but at a particular moment in time there is a limit to what the resource base can support in a particular place.

Better Look Before Lending

It would be wise for banks in that part of the country to know this before they provide for further mechanization and specialization in the area through loans, mortgages, and investments to further overstock the range—which isn't in good shape now—and to further depress the farm situation—which isn't healthy now. I am not trying to say that future developments resulting from man's ingenuity in solving problems can't change this situation. I am saying there is nothing in sight right now which will alleviate the Rio Grande Basin's problems in the immediate future except an attempt to balance that region's economy on its water budget. The Basin's present population can't pay its bills today on the possibility of science coming to the rescue 10 to 50 years from now.

Up in the Cheyenne River Basin, which cuts across the three states of Wyoming, South Dakota, and Nebraska, quite a bit of private investment has gone into the construction of stock reservoirs along the tributary streams feeding into the Cheyenne River, which pours into the reservoir behind Angostura Dam in South Dakota. That water is an important part of the agricultural economy in that part of the country, but the total economy out there has been adversely affected by the lack of awareness on the part of people concerned about the tie that really exists between our ideas about how to expand our economy and the nature of the resources that are necessarily involved in any such plan.

Reservoirs for Stock Watering

In this case the idea was to increase the carrying capacity of the range by providing a widely distributed system of reservoirs which could be used as watering places for livestock. We could raise more animals this way. The idea was to make available more water for the over-all agricultural economy. The result was to produce less. It was discovered after the system had been under way

for some time that the flow of water into Angostura Dam was cut by as much as 20%-50%, depending on climatic conditions for the year. The stock reservoirs held this much water back, of course; but in an area like that of the Cheyenne Basin with a relatively high evaporation rate, it wasn't all used. Any stored water evaporates considerably from the exposed surface and through seepage, which was an over-all loss to the region's economy. It would be wise for banks in many parts of our arid and semi-arid West to know about the geographical realities before providing funds for such a development which has the effect not of adding to our national wealth, but of detracting from it.

Farm Ponds for Irrigation

Last May I was visited by a farmer from a neighboring town in Connecticut who was unhappy about the fact that he had put a good deal of money into the construction of farm ponds which he wanted to use for supplemental irrigation during the dry period that comes along every summer in our part of New England. He built the ponds all right, with money borrowed from the bank. The trouble was that there was little or no water in them.


The point is farm ponds can't just be built anywhere, even though the terrain may look right and the farmer may want them placed favorably near his crops. There are certain hydrological realities involved which have to do with how water collects and how it moves through the ground. His local soil conservation service agent could have prevented the mistake—and it's only one of many mistakes like that made by farmers—if the agent had the time to get around to supervise the construction of all such agricultural works. It could also have been prevented if the local bank involved had itself known something about such matters and operated under a policy which required that certain standards of construction be met before its loans, mortgages, and investments were made.

Bankers in Critical Place

If I seem to be playing and re-playing a theme, which points the finger of responsibility for the care of our resources and the health of the economy in the direction of

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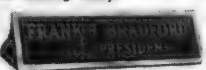
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bankers, it's purely intentional. As bankers you are in a most critical place. It's your money that goes into the development of most of our resources here at home, agricultural and otherwise. It's your judgment about how that money is to be used in loans, mortgages, and investments that will determine the future health of our expanded economy. There would be many less misused and depleted rangelands in our West, many less fertility-depleted farms, many less critical water shortages—to mention only a few items important in our agricultural problems today—if the judgment of bankers were to be influenced by knowledge of the resource realities involved in our agricultural economy.

Who Decides What Is Good or Bad?

How many banks have on their staffs or available as consultants the kind of trained land-use analysts who could advise them about such problems? How many bankers have the attitude about this kind of thing expressed to me by the banker in Connecticut who made the loan to that farmer to build ponds with no water source? He said that it was not his responsibility to decide what the farmer did with the money he borrowed. The man's credit rating was good. He had the reputation for paying his debts. Whose responsibility is it to decide what is good or bad development for our expanding economy? Where does it begin? Or is that banker, and others who feel as he does, simply waiting for the state or Federal Government to move into another area private enterprise has failed to keep out of their hands, so that he can then get very indignant about "creeping socialism" in Government. The bankers of America could be the greatest force for good in the proper use of the resources on which our economy rests if they knew, as I said earlier, about the tie that exists between our ideas, our policies and management principles, and that good God-given stuff under our feet.

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Farm Representative Selection Pointers

The internal operation of a farm department, the bank's decision to employ a farm representative, his qualifications, the selection, and his duties and functions were discussed at eight "bull sessions," each under the direction of two leaders, during the Agricultural Credit Conference of the A.B.A.'s Agricultural Commission in Chicago.

A brief synthesis of the views expressed during these discussions is presented:

THE reasons for starting a farm department or hiring a farm representative were given the following preference and are listed in relationship to their importance: (1) To improve quality of loans; (2) to improve public relations; (3) to permit delegation of authority; (4) to increase business; and (5) to assist in promoting changes in local agriculture.

The farm representatives felt that any promoting of changes in local agriculture should be done in cooperation with the local representative of the Agricultural Extension Service. The bank's farm representative should not attempt to do agricultural extension work or initiate a program without the approval of the Extension Service. The real job for the bank's farm representative appeared to be that of giving sound financial advice and guidance.

He can do much to promote new enterprise within the community. Instances of representatives duplicating work of professional agricultural workers have led to the failure of satisfactory farm departments. It was felt that he should be closely associated with farm organizations.

A Policy Decision

The decision to employ a farm representative is of major importance and should be a policy decision of the board of directors and officers. The program should also receive the approval and support of the bank's officers and employees.

A bank should first analyze its own position relative to the agricultural economy and determine what type of agricultural program would



A banker asks a question, or perhaps answers one, at one of the "bull sessions" discussing the farm representative's qualifications and duties

best fit its needs. It was felt that the farm representative should very definitely be potential officer material. It was suggested that a bank would need \$500,000 in farm loans to justify a farm representative.

It was generally agreed that there is no one set policy in hiring a farm representative. A bank should analyze its needs, determine what it wants a man to do, and then find a man with the right qualifications. It was felt that a program of work should be drawn up, but there was a difference of opinion as to whether or not it should be in detail.

Qualifications and Duties

On the matter of qualifications, most of those present felt that some farm background was important; previous lending experience, not important. Quite a few stated that former county agents, vo-ag teachers, Production Credit Association, Federal Land Bank, and Farmers Home Administration men made good farm officers.

The general opinion was that farm representatives should have a working knowledge of bank operations. They should also take advantage of educational aids provided by the American Bankers Association, American Institute of Banking, and others. It was suggested that banks should expect to compete with county agents and vo-ag teachers, salarywise, for a well qualified man.

Everyone agreed that the farm representative should have a good

agricultural background and like to work with farmers. He should also have a keen interest in farming and farm problems. Experience of the man received considerable discussion with emphasis leaning toward the more experienced man, even though the cost might be higher. However, the smaller bank with limited resources gave some preference to hiring a man with less experience and planning a longer training program.

One bank justifies its farm man by assigning to him appraisal duties which had formerly been handled on a fee basis. Previous fees did not cover cost but came within about \$2,000 per year of it and provided a farm man at nominal cost with freedom of movement.

There were numerous opinions relative to the length of time necessary for the farm representative or farm department to become self-supporting. The length of time seems to depend upon local conditions, type of farm program formulated, and size of the farm department. It was generally agreed that it would take at least a year to get the farm department on a self-supporting basis.

Lending Authority

Whether or not the farm representative should be given authority to make routine farm loans evoked quite a discussion. This appears to be dependent upon a decision of management and the size of the bank. It was felt that the farm officer

(CONTINUED ON PAGE 87)



Carl Mann, Berlin, New Jersey, poultryman, has increased his business from one to three farms with the help of his bank and the Purina Program.

The bank financing I've been able to get from the Atco National Bank has enabled me to grow and become an independent businessman."

Mr. Mann, who has been a Purina feeder since 1943, started out in business on one farm with a capacity of 5,000 birds. At that time he and his wife did all the work themselves. Today, the Manns have three farms with a total capacity of 40,000 pullets.

On each of these three farms Mr. Mann uses automatic feeders, waterers, and gas brooders. In fact, Mr. Mann follows the complete Purina Program as outlined by his Purina Dealer, Harry McElhone.

Mr. Mann's business growth has influenced his whole family's personal life. Rooms and porches have been added to the Mann home. The eldest daughter has been given a college education.

This, according to Mr. Mann, he owes to the interest and cooperation of his banker, Purina Dealer, and the Purina Program.

For additional information, visit with our Purina Salesman serving your area, or write Ralston Purina Company, 1605 Checkerboard Sq., St. Louis 2, Mo.



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(CONTINUED FROM PAGE 84)

should have the authority to make loans to a limited extent in order that the farmers might have confidence in him. Some banks prefer to have the farm representative act as an appraiser, public relations officer, or prepare budgets for the farmer.

A good many banks, both large and small, were strong in their support of having the farm representative make routine farm loans with the idea of having him become the chief agricultural lending officer.

He should not be burdened with duties unrelated to agriculture, thereby reducing his efficiency.

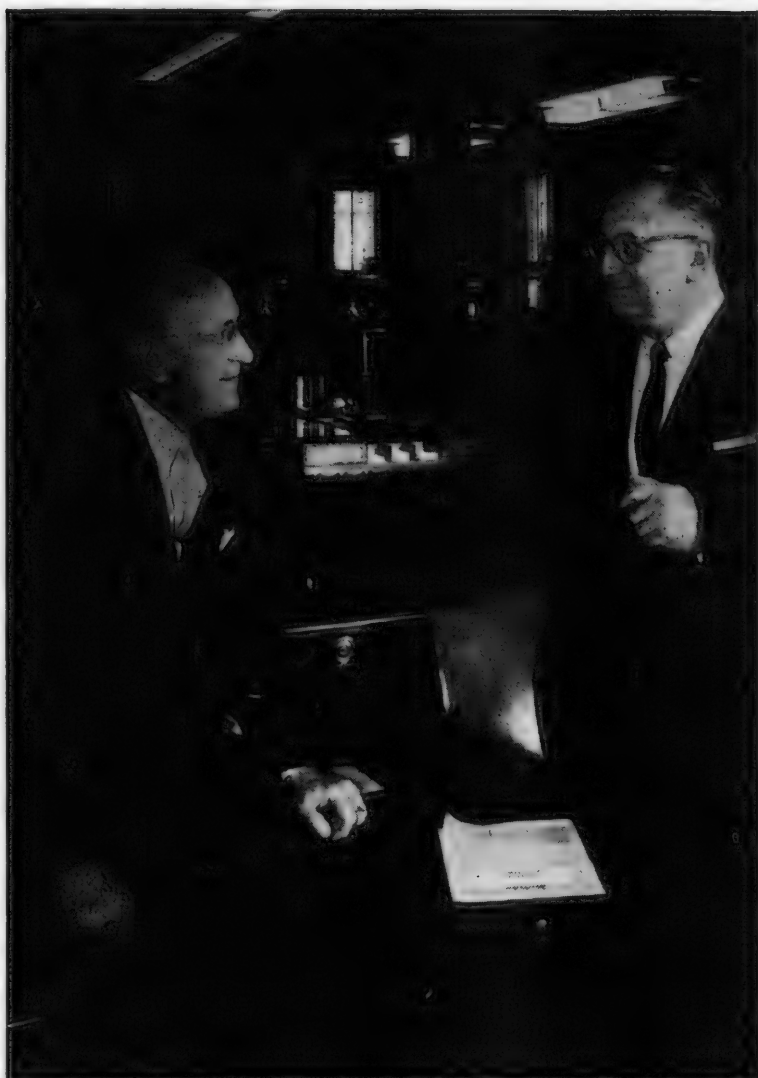
Out on the Farm

There were many reasons for farm visitations. They ran from loan appraisals, chattel inspection, to purely social visits of a public relations nature. Farm visitation is most important for the farm representative's own benefit and from the standpoint of public relations. It permits him to view the farmer's operations, see first-hand his managerial ability, and be able to give an on-the-spot report to his bank. Regular entries relative to farm visits should be written and placed in the farmer's credit file.

It was felt that the farmer would be willing to discuss his financial needs with the farm representative even though he had not been given the power to make loans. However, the farmer does have a feeling of satisfaction when he can complete his loan transaction with the man who made the initial approach. The main concern is for the farm representative to acquire the confidence of the farmer.

The farm representative should be in the country most of the time when he first begins his work, spending only enough time in the bank to familiarize himself with the bank's operations. After he becomes established, then regular banking hours will be necessary so that the farmers can call upon him at the bank.

The general opinion was that farm representatives very rarely have time to manage farms. If a bank wishes to enter this field, it should be done with the idea of hiring a professional farm manager. Because of the cost involved the farm management business should be seriously considered before undertaking this additional bank service.



Banker and American Surety man team up to foil bandits

Last week in a medium-sized bank, these two men—the banker at left and the American Surety Bank Protection Specialist at right—sat down together to deal with one of the toughest problems confronting bankers today: How to protect the bank against the rising tide of criminal violence and embezzlement.

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"Holdup Cards," brief instructions which are posted inside tellers' cages and other working areas telling employees what to do before, during and after a holdup.

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"Farm Equipment Financing by Banks"

A Study of Retail and Inventory Financing

THE most practical methods and operating procedures for financing farm equipment, including 15 sample forms, are set forth in the new *Farm Equipment Financing by Banks* manual completed recently by the Agricultural and Instalment Credit commissions of the American Bankers Association. The need for this publication, which is a complete revision of a 1946 guide by the same title, arises from the increasing demand for retail and inventory financing of farm equipment. Since 1940 the farmers' total investment in machinery has been second only to the value of their real estate. An up-to-date study by the two commissions of retail and inventory financing is the basis of this manual.

It is intended as a guide to assist those banks not now engaged in this banking function to understand it better. To the many banks already extending this type of credit, the manual may present some helpful ideas.

In the Retail Section

The first section of the manual, dealing with retail financing, includes practical information on various aspects of this type of loans, including direct equipment loans to purchasers, financing dealer retail sales, the applicant, the credit statement, credit standards—downpayment provisions, length of contract and terms, interest or finance charge, type of lien, bank contract with farm equipment dealers, dealer reserve, reserve distribution, recordings and collections, payment record, payments collected by dealer, collection procedure, repossession and disposition, and repurchase of contracts by dealers.

"In direct bank lending, repossession and disposal of farm equipment in case of delinquency and default is the lending bank's problem," states the manual. "The retail dealer has been paid and is under no obligation to repossess, recondition, or resell the equipment. However, this

One free copy of Farm Equipment Financing by Banks is available upon request to the Instalment Credit Commission of the A.B.A., 12 E. 36th Street, New York 16, N. Y. Additional copies may be purchased at \$1 each.

need be no problem if the loans are sensibly made on the basis of the borrower's credit characteristics. When repossession appears to be a possibility, the bank should reexamine all the factors involved, then, if a situation appears hopeless and there is no other solution, the bank should proceed immediately to repossess and sell the asset pledged."

Indirect Method

It is pointed out that the indirect method of financing dealer retail sales "demands specialized treatment and knowledge; therefore, special attention should be given to the dealer and the part he plays in the transaction. Any indirect financing must consider all factors and all parties involved. Such financing must be good for the purchaser or borrower, the bank, and the dealer. . . . The banker must do a good credit job in the first place and not rely on the dealer's endorsement to 'bail out.'"

Continuing, the manual states that "when a bank engages in indirect financing, proper evaluation of the following factors is important:

- "(1) Character or moral risk of dealer
- "(2) Ability of the dealer to conduct his business on a profitable basis
- "(3) His financial responsibility
- "(4) Dealer's sales methods
- "(5) Dealer's service policy
- "(6) Prediction of sales in terms of productive use: (a) does the equipment fit the farm? (b) does the purchaser have the ability to pay? (c) will the equipment pay for itself as it is used?"

When evaluating the loan appli-

cant, a warning is given that "regardless of which financing approach is developed—direct or indirect—the following basic credit factors should be considered by a bank in order to arrive at a proper decision to extend credit: (1) a thorough knowledge of the farmer, his business ability, past record, and integrity; (2) the efficiency of his farm operations; (3) family unity, integrity, and industry; (4) size of farm business; (5) diversification of production; (6) labor efficiency; (7) crop yields and soil fertility; and (8) production per animal."

In the section devoted to measuring the potential value of the equipment to the farmer, bankers are told that if it can be reasonably determined that he needs it, "evaluation of the following factors will assist in arriving at the credit decisions: (1) ability of the purchaser as a farmer; (2) initial investment in the equipment; (3) probable increase in income or decrease in operating expenses through its use; (4) financial support through other assets; and (5) the assurance of a crop."

Credit Statement

Under credit standards, it is emphasized that "the downpayment philosophy does not apply in those instances in which a bank finances the over-all business of a farmer. When this is the case, they will not develop very much business if they always expect the borrower to pay a standard downpayment. Rather, farmers' requests should be considered on an over-all credit basis and should be judged on the basis of need, debt picture, and ability to pay. . . .

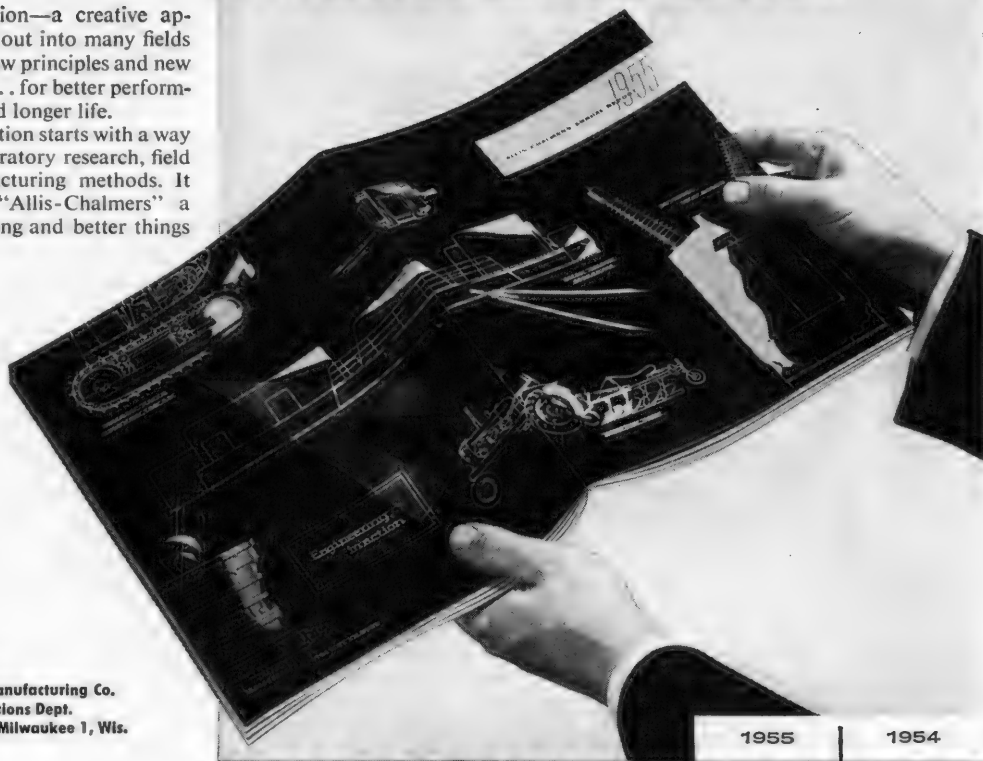
"Terms may vary somewhat depending on the type of equipment sold, whether it is new or used, the hazards involved, and the purpose for which the equipment is to be used. In all cases, except when the bank is doing general financing, the terms should be based on a down-

(CONTINUED ON PAGE 90)

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| | 1955 | 1954 |
|-----------------------------------------------------|---------------|---------------|
| Sales and Other Income..... | \$538,045,485 | \$495,310,486 |
| All Taxes..... | 34,774,217 | 35,493,374 |
| Earnings..... | 24,805,326 | 26,130,430 |
| Percentage to sales and other income..... | 4.6% | 5.3% |
| Earnings per Share of Common Stock..... | 6.05 | 7.20 |
| Dividends Paid per Share of Common Stock..... | 4.00 | 4.00 |
| Shares Outstanding | | |
| 3.25% preferred stock..... | 39,511 | 62,149 |
| 4.08% preferred stock..... | 146,960 | 299,204 |
| Common stock..... | 3,944,362 | 3,475,377 |
| Dividends Paid | | |
| Preferred stock—3.25% series..... | 153,751 | 320,157 |
| Preferred stock—4.08% series..... | 787,527 | 784,000 |
| Common stock..... | 15,526,911 | 13,421,584 |
| Share Owners' Investment in the Business | | |
| Preferred stock..... | 18,647,100 | 36,135,300 |
| Common stock..... | 153,028,580 | 124,833,471 |
| Earnings retained..... | 120,455,193 | 112,118,056 |
| Total Share Owners' Investment..... | 292,130,873 | 273,086,827 |
| Book Value Per Share of Common Stock..... | 69.34 | 68.18 |
| Working Capital..... | 258,895,488 | 263,751,912 |
| Ratio of Current Assets to Current Liabilities..... | 4.41 to 1 | 6.91 to 1 |
| Number of Share Owners | | |
| 3.25% preferred stock..... | 1,306 | 1,698 |
| 4.08% preferred stock..... | 841 | 1,303 |
| Common stock..... | 40,222 | 35,465 |
| Employees | | |
| Number of employees..... | 40,182 | 33,865 |
| Payrolls..... | 176,715,591 | 157,121,943 |

ALLIS-CHALMERS



(CONTINUED FROM PAGE 88)

payment sufficient to establish a reasonable equity at the time of purchase."

Speaking of the type of lien, the guide states that "where the borrower or purchaser meets the terms agreed upon, a chattel mortgage on the equipment itself should provide sufficient security. When credit is below usual quality standards, most lenders obtain a pledge of additional assets."

On the subject of bank contracts with farm equipment dealers it is pointed out that "the contract between the dealer and the bank should permit reasonable termination by either. . . . An agreement should be signed covering the finance plan chosen. The most commonly used arrangements are: (1) Full Endorsement Plan, (2) Limited Recourse Plan, (3) Repurchase Plan, (4) Nonrecourse Plan, and (5) Mutual Reserve Plan." And further along, when speaking of dealer reserves, the manual concludes that even when "all reasonably good judgment is exercised in

selling and collecting, an occasional loss through repossession or other cause may occur. Even though the contracts are accepted on a non-recourse basis, the general practice is to provide a reserve account out of the finance charge or out of the unpaid balance of a contract (hold-back), or both. This places funds at the disposal of the bank to protect it against possible losses.

"The reserve account should be proportionate to the amount of paper bought under a sound credit and collection program. If the reserve is deducted from the face amount of the note and is unnecessarily high, it may result in depriving the dealer of needed working capital. The reserve provision should provide protection, simplicity, and flexibility."

Who Makes Repossessions?

As to who should make repossessions in the case of indirect loans—the dealer or the bank—the dealer gets the nod. "As he has facilities for bringing in repossessed equipment, together with a service shop and personnel to handle recondition-

ing, it may be preferable for him to take over such equipment after legal title and possession is established," says the manual. Adding: "It may be to the advantage of both the bank and the dealer for the latter to make all physical repossessions. The bank not only avoids the complications of repossessions, servicing, and storing, but the dealer protects the market for the equipment he originally sold."

In the Inventory Section

Inventory financing in its many aspects is discussed in the second section of *Farm Equipment Financing for Banks*. It includes examination of these topics: evaluating the dealer, methods, trust receipt, chattel mortgage, conditional sale contract, checking of equipment, sale of equipment, insurance, and inter-bank relations in farm equipment financing.

"A bank should be prepared to handle inventory financing if it expects to get business, direct or indirect, arising out of retail sales," the manual states. "One difficulty in inventory financing," it says, "is that

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many types of equipment have rather limited seasonal use. In such instances, individual plans must be worked out."

Three methods of handling inventory financing satisfactorily are discussed at length; namely, trust receipts, chattel mortgages, and conditional sales contracts.

Checking, Sale of Equipment

That checking of equipment is a very important part of inventory financing and should not be done haphazardly is emphasized in this study. "At least once each month (or more frequently if desired) at irregular intervals, a representative of the bank should inspect and satisfy himself that the dealers have on hand the items described in the collateral papers," the booklet asserts.

Turning to the question of sale of equipment, it is pointed out that "when merchandise on a wholesale obligation is sold, the dealer must immediately settle with the bank for the amount owing on the piece of equipment. The retail sale out of which a deferred obligation arises should be checked by the bank against the wholesale obligation outstanding for the dealer. This can be easily accomplished when the purchaser completes the request for credit by checking the invoice or sales memorandum to obtain full description of the equipment. When such equipment appears on a retail contract, the dealer should be notified and his check requested to pay for that piece. The proceeds of the retail transaction should be withheld until settlement is effected."

How to take advantage of inter-bank relationships in equipment financing gets considerable attention from the authors. Two methods of correspondent bank cooperation are described; namely, an arrangement whereby the city bank may purchase a participation in all of one dealer's paper or, on the other hand, the country bank may sell contracts outright to the city bank after reaching its own limit.

"Other things being equal, most bankers agree that a loan made for productive purposes and payable out of earnings is the most desirable type of credit instrument to have in the notecase. Farm equipment financing falls in this category," conclude the authors.

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Salary Review Procedures and Controls

EVERETT B. POST

Part One of this study, which appeared in February BANKING, covered a discussion of current practices in conducting salary reviews and a suggested method of internal salary alignment and control. It is suggested here that the study and observation of the trend of salary level changes as reported on national, regional, and local bases can assist in establishing and implementing salary administration policies.

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relations division of the Federal Reserve Bank of New York. The article which follows is the second part of a condensation of his thesis written in partial fulfillment of the requirements for graduation from The Graduate School of Banking conducted by the American Bankers Association at Rutgers University. The complete condensation will appear as a chapter in *Present Day Banking 1956*, now in preparation. That volume, which will be off the press in the

spring, will contain 32 chapters, each the condensation of one of the G.S.B. theses selected for a permanent place in the Library of the American Bankers Association, the Baker Library at Harvard University, and the library of Rutgers.

This article contains the writer's own personal views and is in no way an expression or reflection of the opinions or policies of the Federal Reserve Board or the Federal Reserve Bank of New York.

CONTINUOUS appraisal of the current and anticipated changes in the local wage and salary levels is necessary (1) in determining a reliable local-community reference point representative of the prevailing salary level and (2) in achieving a reliable measurement of the bank's salary level in relation to such reference point.

The determination of salary levels at the local level becomes essentially a matter of gathering accurate salary information in the area and intelligently analyzing it. However, it is suggested here that, in addition to these studies of local conditions, it is profitable to make use of various published materials not limited to the reporting of local salary conditions, so as to permit some forecasting of changes to be expected in the local conditions.

Analysis of Published Salary Rate Data

The mass of salary and wage data collected and reported by national, state, and local agencies, business associations, and individual concerns represents many different bases of analysis, coverage in relation to jobs, types of work, and types of business concern. It is suggested here, therefore, that more important than absolute dollar rates is the percentage of change in these rates over current periods of time, i.e., the most

recent six, eight, or twelve months.

The bulk of the data available can be divided into three major categories for purposes of the treatment here proposed: (1) "national" data, which are collected and reported on a nationwide basis by such organizations as the Bureau of Labor Statistics of the United States Department of Labor and by national business associations, such as the National Office Management Association; (2) "regional" data, such as those collected by state agencies and state business associations; and (3) "local" data, representing data collected in surveys made by other companies in the area, local union rates established in the area, and salary rates advertised locally.

It is not meant to be implied that the foregoing procedures replace the private local salary survey. Rather, they supplement it. By observing the degree of the changes in wage levels reflected by the national or regional data reported, some indications will be revealed of the changes which can be expected in the local areas.

The Preparation of Periodic Reports

The research approach to salary administration briefly outlined in the foregoing will be effective in achieving practical results only if the significant findings are period-

ically reduced to understandable summaries set forth at periodic intervals which will present the continuity needed to follow current changes in salary rate patterns both within the bank and among other employers.

Periodic reports will generally divide into two broad sections: (1) the patterns and changes in patterns of internal salary rate distributions and (2) the patterns and changes in patterns of salary rates paid outside the bank. The initial report should show the basic patterns of salary rate distribution for each of the significant job groups, such as salary grade groups and job family groups, even though there are no significant changes to be reported at that time. A graphic presentation of these patterns will probably be the most effective and the easiest to understand, although admittedly more tedious to produce than tabular schedules of rates.

Reports prepared subsequent to the initial report need contain rate distribution schedules or graphs only for those jobs or job groups where significant changes are apparent.

The last section of the report should contain the comments and explanatory material pointing up the particularly significant changes both of salary patterns within the bank and salary data reported from

sources outside the bank. These comments should report the results of the tracing of the underlying causes for the changes noted, such as changes in turnover rates, starting salaries, staffing conditions.

Development of Salary Adjustment Guides

The emphasis given in foregoing sections to the research and statistical approach to salary control is not meant to minimize the importance of the use of carefully developed performance standards as guides to the review and adjustment of salaries of individual employees. Performance rating systems provide a method by which to place employees in categories signifying the relative degree to which each meets acceptable standards of performance. It is a natural step from this procedure to a procedure which makes use of these same categories of performance as guides to the decisions to be made concerning the amount and frequency of salary increases justified for individual employees. However, some banks and other businesses have expressed concern over the difficulty of preserving the objectivity of the performance rating system, when the designated standards are used directly as the criteria by which to judge whether salary increases are merited and in what amounts.

Observation of plans in use shows a variety of approaches to the problem, ranging from plans which purportedly make no direct use of individual merit ratings in judging salary adjustments to those which set up schedules of salary increase increments geared directly to the merit rating standards. It seems fundamental that merit rating standards must be rigidly consistent in judging relative proficiency of performance, but, conversely, standards by which the size and frequency of salary increases are judged must be flexible. If the concept of over-all salary cost control, geared to budgets and to changes in the community salary levels is accepted, then the need is apparent for flexibility in the guides which will serve as criteria for salary adjustments at any given time. For example, such a plan might prescribe that an employee whose performance rating is "good" may be considered for a salary increase to a level not in excess of the mid-point

rate of the respective salary grade. If the performance rating is "very good," the limiting rate might be the rate within the grade at the third quartile position, and if the rating were "excellent," at the maximum of the grade.

Examination of the pattern of salary rate distribution normal to a particular salary grade can provide a guide to the selection of the salary rate levels which will be appropriate for average or satisfactory performance, etc., and hence for degrees of performance better or worse than that standard.

With the flexibility offered under an "anniversary review" plan, performance standards can also be built into the salary increase guide as a control feature, by relating them to a schedule of time intervals at which salary increases for individuals may be considered or recommended.

Because the timing of promotions of employees is usually unpredictable and the decisions to grant increases in salary simultaneous with promotions are subject to a variety of conditions and circumstances, it is most often not practicable to make provisions for such increases within the regular salary adjustment guides.

It seems quite generally recognized that it is good procedure, as a means of encouraging and developing the new employee, to provide for a salary review and an increase, if warranted, early in his career. The size of the increase increment may frequently be smaller than established units of increase used under the regular salary review program.

In those areas where machine production is very essential, such as a check proof machine operation, a truly automatic increase program may be warranted, which will relate timing and amount of increases directly to the individual's performance in meeting established production schedules.

Organization and Staff

Very often the appraisal and implementation of governing policies and practices are the responsibility of a salary review committee, comprised of a cross section of officers from the various functions of the bank and headed by the officer in charge of the personnel function. It is pertinent to note that the degree to which such committees are found

to participate directly in the salary review and control procedures varies directly and inversely with the degree to which precise and comprehensive salary budget and operating outlines and guides have been developed for the use of supervisory personnel throughout the bank.

The processing of salary recommendations falls quite naturally into the province of the salary administration unit of the personnel department of a bank. This unit normally performs the staff work related to job evaluation procedures and the maintenance of classification records of employees according to jobs and salary grades. Since it is from these latter records that the salary research studies and salary alignment recommendations are made, it is logical to make use of this staff in reviewing salary adjustment recommendations.

The advantage which the use of automatic tabulating and listing equipment offers for the storing of essential salary and employee classification data should not be overlooked. To a large extent, the effectiveness of the research approach to salary alignment studies and control procedures will depend on the ability to bring together large masses of salary data on a current basis, and to develop a practiced eye in the observation of the trends and changes promptly as they are reflected by such data.

Conclusion

The development of salary review guides, salary increase schedules, and salary budget controls, geared to salary grade scales set up under a job evaluation program and related carefully to performance standards established under a merit rating plan, can produce clearly understood salary administration operating procedures. Management, having developed such guides and controls, has available to it the data and the means by which to keep currently aware of significant changes in salary levels and salary relationships within and outside the organization. Alertness to the causes for these changes is the key to current adjustments necessary to make the guides and procedures effective in achieving the major objectives, viz., to compete successfully for the services of capable personnel and to provide incentive to employees to work efficiently.

Saving Money by Proper Retention of Bank Records

ROBERT A. SHIFF

The author is president of the National Records Management Council, Inc., New York City.

ALTHOUGH banking and financial institutions are considered the strongholds of conservatism, in actuality they have been among the first to make use of the newest techniques in management. Many business machines now in wide use were first introduced into banks. For example, banks took the initiative in applying microfilm processes to their operations. At the turn of the century, banks took the lead in developing standardized forms for business use. Since 1900, paperwork in banks has progressed from manual posting to mechanical bookkeep-

ing to electronic data processing machines.

It is not surprising, therefore, to find that one phase of bank paperwork operations—record keeping—has not kept pace with the streamlining characteristic of other phases of bank paperwork. Banks have accumulated records in great bulk; they are extremely conservative in applying records retention practices and in adopting the latest techniques in records storage facilities. The problem of record keeping, therefore, is compounded.

Inconsistencies in Schedules

Despite the difficulties attendant upon the establishment of retention periods for bank records, organiza-

tions have attempted to establish retention schedules. The National Records Management Council finds that these schedules reveal considerable inconsistency, except where one organization or association has relied on the findings and research of another. Figure 1 shows the retention schedules of three associations and points up this inconsistency.

Schedules such as these are of value merely as recommendations. The retention periods suggested cannot be adopted and applied by individual banks without extensive revision to meet individual requirements. Retention and disposal schedules must be tailored to the needs of each organization after careful inventory and appraisal.

FIGURE 1

| Name of Record | N. Y. State Bankers Association | Washington Bankers Association | NABAC |
|------------------------------------------------------|-----------------------------------|---------------------------------|--------------------------------------------------|
| Personnel | | | |
| Attendance records | 4-10 yrs. for Time Record Card | 5 yrs. after leaving service | 10 yrs. |
| Salary ledger | 10 yrs. to permanently | 7 yrs. | 10 yrs. |
| Employee records | 10-25 yrs. after leaving service | Permanently | Permanently (unsuccessful applications optional) |
| { Applications | | | |
| { Reference records | | | |
| { Reports and results of examinations, etc. | | | |
| Commercial deposits | | | |
| Check book orders | 6 mos.-1 yr. | Until purpose is served | 1 yr. |
| Deposit tickets | 12-20 yrs. | 7 yrs. | 15 yrs. |
| Signature cards | 15-20 yrs. after closing accounts | 10 yrs. after account is closed | 15 yrs. after account is closed |
| Trial balances | Until purpose is served | 3 mos.-2 yrs. | 6 mos. |
| Undelivered statements and canceled checks | 10 yrs. | Permanently | Permanently |
| Loans and discounts | | | |
| Loan applications | 3-10 yrs. | Until purpose is served | Optional |
| Note or discount register | 15 yrs. to permanently | 5 yrs. | 5-15 yrs. |
| Note or discount tickler | 2-12 yrs. | 10 yrs. | 2 yrs. |
| Debit and credit tickets | 10 yrs. | 7 yrs. | 10 yrs. |
| Safe deposit | | | |
| Visitation records (access tickets) | 7-25 yrs. | 7 yrs. after date | 25 yrs. |

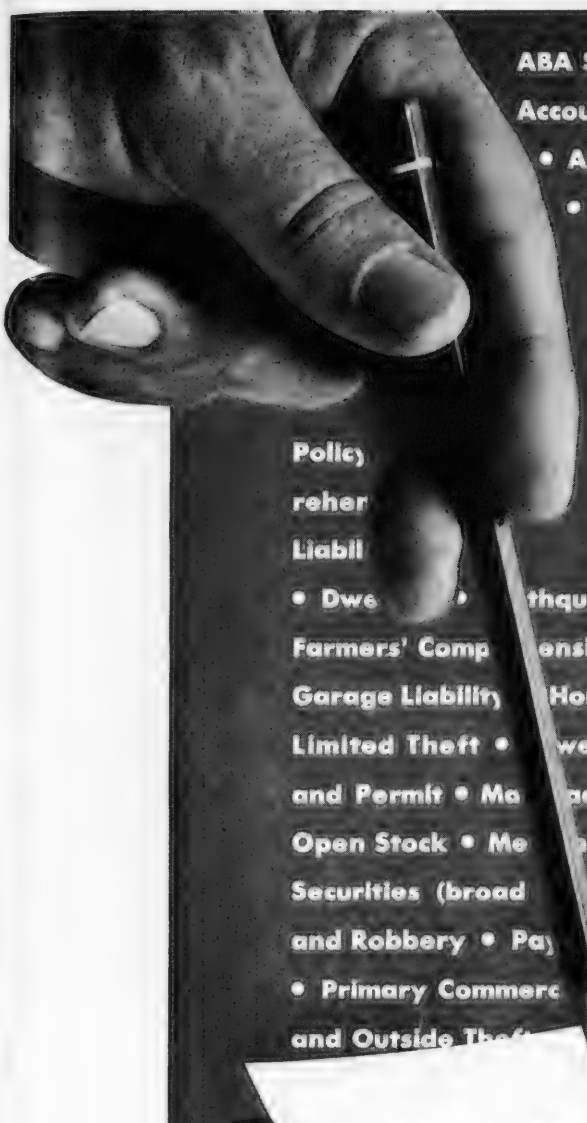
NRMC Study

To measure and evaluate the retention practices of leading commercial banks, the Council conducted its own research study. The survey covered only those institutions with formal records retention programs. The wide discrepancies in practices revealed by this study (see Figure 2) indicate that conservatism rather than legal requirements and actual experience govern the schedules. The chart in Figure 2 also contains new retention periods recently developed and applied by one of the five largest banks in New York City. The realistic approach which this bank took toward overhauling its records retention program illustrates the manner in which banking institutions can seek to solve their record keeping problems.

Solving Record Keeping Problems

An effective bank records management program depends upon sound retention and disposal policies and a carefully planned program for the periodic transfer of semi-active records from expensive office space to economical storage facilities.

(CONTINUED ON PAGE 96)



- ABA Standard Form Bank Burglary and Robbery
 - Accounts Receivable • Armored Car and Messenger
 - Automobile • Bankers' and Brokers' Blanket
 - Builders' Risk • Business Interruption • Business
 - Combination Safe Depository • Comprehensive
 - Dishonesty, Disappearance and Destruction
 - Comprehensive Dwelling Policy • Comprehensive
 - Comprehensive General and Automobile Liability
 - Comprehensive General Liability • Comprehensive
 - Personal Liability • Contractors' Equipment
 - Depositors' Forgery • Druggists' Liability
 - Dwellings • Earthquake • Employers' Liability • Explosion •
 - Farmers' Comprehensive Personal Liability • Fire and Lightning •
 - Garage Liability • Homeowners' "A", "B" and "C" • Household
 - Limited Theft • Jewelers' Block • Jewelry Fur Floater • License
 - and Permit • Manufacturers' and Employers' Liability • Mercantile
 - Open Stock • Motor Vehicle Robbery and Safe Burglary • Money and
 - Securities (brokers' and dealers') • Motor Truck Cargo • Office Burglary
 - and Robbery • Paymaster Robbery • Personal Property Floater
 - Primary Commercial Blanket • Professional Liability • Residence
 - and Outside Theft • Schedule Accidents •
 - Contractors'
 - Securities
 - Sprinkler
 - keepers'
 - Robbery •
 - Supply
 - ers
- Policy
reher
Liabil
• Dwe
Farmers' Comp
Garage Liability
Limited Theft •
and Permit • Ma
Open Stock • Me
Securities (broad
and Robbery • Pay
• Primary Commer
and Outside Theft
- Sto
• Va
and R
• Value
• Volun

*Consult your insurance
agent or broker as
you would your
doctor or lawyer*

U.S.F.&G.

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FIDELITY-SURETY BONDS

United States Fidelity & Guaranty Co., Baltimore 3, Md. • Fidelity Insurance Co. of Canada,
Toronto • Fidelity & Guaranty Insurance Underwriters, Inc., Baltimore 3, Md.

(CONTINUED FROM PAGE 94)

The New York City bank referred to in Figure 2, last column, undertook a complete records management program of this type with the assistance of the Council. The major results:

(1) Specific retention periods were established for each record in-

cluded in the program (430 tons of records were involved).

(2) A total of 4,932 square feet of space was released for re-use. Annual rental value amounted to \$5,300.

(3) Ninety-eight tons of records—23% of the records inventoried—were designated for destruction.

(4) Ninety-nine metal filing cabinets were released.

(5) A new-type, low-cost records center was designed and set up at a location out of New York City. This reduced storage equipment expense by 83% and increased space utilization by 50%.

(CONTINUED ON PAGE 136)

FIGURE 2—Comparative Analysis of Records Retention Practices of Commercial Banks
(Retention periods are in years unless months are indicated)

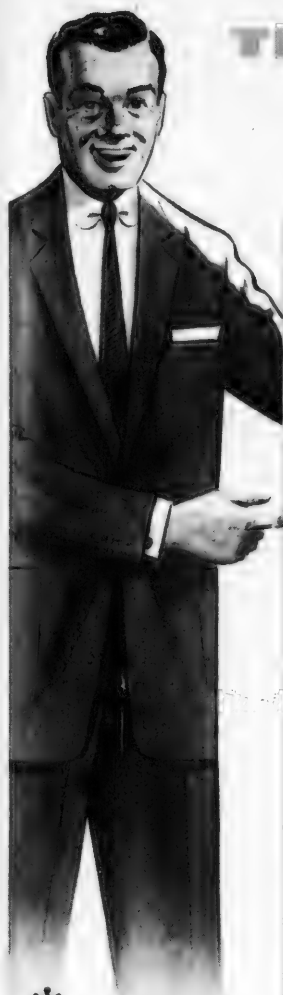
| BANKS | A (Pa.) | B (Ala.) | C (Ill.) | D (Mass.) | E (Calif.) | F (Ohio) | G (Pa.) | H (Ill.) | I (Calif.) | J (N.Y.) | K (N.Y.) | L (N.Y.) | M (N.Y.) | N (N.Y.) | X* |
|---------------------------------------------------------|------------|-------------|-------------|--------------|---------------|-------------|------------|-------------|---------------|-------------|-------------|-------------|-------------|-------------|--------------------|
| I General | | | | | | | | | | | | | | | |
| Checks, expense..... | 7 | 20 | PY+15 | 10 | 20 | | P | | | 10 | 10 | 6 | 10 | 10 | 10 |
| Employee folders..... | P | T+6 | T+25 | T+7 | P | T+15 | T+10 | P | | 20 | T+5 | T+20 | P | P | T+1 |
| Employee history cards..... | P | P | P | T+7 | P | T+15 | T+10 | P | | P | P | P | P | P | T+10 |
| Employee salary receipts..... | | | 15 | 4 | 20 | | | 5 | | 6 mos. | | 2 | 1 | | 4 |
| General ledger, debit and credit tickets..... | 10 | 6 | P | P | 10 | | 4 | P | 10 | 7 | 6 | 6 | 6 | 10 | 6 |
| Paid bills..... | 7 | 20 | 10 | 10 | 15 | | P | | 10 | 7 | 6 | 5 | 6 | 7 | 6 |
| Purchase orders..... | 7 | 20 | 10 | 3 | 4 | 3 | | | | 2 | 3 | 5 | 6 | 2 | 1 |
| II Checking Accounts | | | | | | | | | | | | | | | |
| Deposit tickets..... | 7 | 10 | 7 | 7 | 10 | | | 15 | 10 | 7 | 6 | 6 | 7 | 7 | 6 |
| Ledger sheets..... | | P | 15 | 11 | 25 | | | 15 | 15 | 15 | 10 | 15 | 7 | | 12 |
| Signature cards—closed accounts | 10 | P | C+15 | P | 16 | | | C+15 | C+25 | P | C+10 | 10 | 10 | 15 | C+10 |
| Statement stubs..... | | 3 mos. | 4 mos. | 2 | 1 | | | 2 | | | 10 | | 6 mos. | 6 mos. | 6 mos. |
| III Savings Accounts | | | | | | | | | | | | | | | |
| Deposit tickets..... | 7 | | 15 | 25 | 10 | 10 | | 15 | 10 | 7 | | 7 | 10 | 7 | 6 |
| Ledgers..... | | P | P | 25 | 25 | 25 | | P | 25 | 20 | | 8 | 10 | P | 12 |
| Withdrawal tickets..... | 14 | | P | 25 | 25 | 25 | | P | 25 | 7 | | 7 | 10 | 20 | 6 |
| IV Due to Banks | | | | | | | | | | | | | | | |
| Cash letters (deposits)..... | 2 | 2 | 7 | 2 | 14 | 3 | 3 | 10 | | 1½ | 1 | 3 | 7 | 7 | 6 |
| Cash letters (remittances)..... | 2 | 2 | 7 | 2 | 14 | 3 | 3 | 10 | | 1½ | 7 | 3 | 7 | 7 | 6 |
| Reconcilements..... | 2 | 5 | 10 | | 10 | | 4 | 1 | | 3 mos. | 15 | 6 | 6 | 3 mos. | Current only |
| V Due from Banks | | | | | | | | | | | | | | | |
| Official checks..... | 7 | 20 | 15 | 10 | 20 | 16 | | | | 7 | 10 | 7 | 10 | 10 | 10 |
| VI Loans and Discounts | | | | | | | | | | | | | | | |
| Credit files..... | 15 | P | P | P | 25 | 10 | 3 | Optional | 10 | C+10 | 17 | 10 | 6 | P | 10 |
| VII Investments | | | | | | | | | | | | | | | |
| Advices of securities forwarded..... | | 20 | 15 | P | 14 | | | 10 | | 10 | 10 | 6 | 15 | | 6 |
| Buy and sell orders..... | | 20 | 10 | 10 | 5 | 7 | | | | 7 | 7 | 8 | 6 | 7 | 6 |
| VIII Collections | | | | | | | | | | | | | | | |
| Collection slips..... | 3 | 2 | 5 | 1 | 5 | | | | 5 | 2 | | 4 | 6 | 7 | 2 |
| Receipts..... | 3 | 2 | 15 | | 5 | 16 | | 10 | C+5 | 1½ | | 1 | 6 | 7 | 2 |
| IX Trust | | | | | | | | | | | | | | | |
| A. Personal | | | | | | | | | | | | | | | |
| Buy and sell orders..... | P | P | 25 | 10 | P | | | P | | P | 3 | 8 | 6 | P | 6 |
| Correspondence..... | P | P | C+25 | P | P | | | P | | P | P | 20 | 6 | P | 6+Review |
| General ledger..... | P | P | P | P | 5 | | | P | | P | P | 7 | P | P | Final accounting+3 |
| Mortgage papers..... | 10 | 6 | C+25 | 10 | 20 | | | | | 25 | 3 | P | 6 | P | 3 |
| Posting tickets..... | | | | | | | | | | | | | | | |
| Trust ledgers—assets, principal and income..... | P | P | P | P | P | | | | | P | P | P | P | P | P |
| B. Corporate | | | | | | | | | | | | | | | |
| Bond powers..... | 3 | P | C+25 | P | P | | | | | 22 | 28 | P | P | P | P |
| Coupons..... | | P | | | Review | | | Optional | | 23 | 1½ | 15 | 3 | | 6 mos. |
| Dividend checks..... | 7 | P | PY+15 | 7 | 20 | | | P | | 10 | 7 | 6 | 15 | 10 | 6 |
| Record of registration of stock certificates..... | C+5 | | C+5 | P | P | | | | | 10 | P | P | P | P | P |
| Security receipts..... | 10 | P | P | P | P | | | | | 10 | P | 6 | P | 10 | 6 |
| Stock transfer ledgers..... | C+21 | P | P | P | P | | | | | P | P | P | P | P | 6 |
| X International | | | | | | | | | | | | | | | |
| A. Accounting | | | | | | | | | | | | | | | |
| Activity cards..... | | | 10 | | 25 | | | | | 5 | 6 | 2 | | 3 | 2 |
| Correspondence—individuals, corporations and banks..... | | | | 10 | 7 | 14 | 7 | 12 | | 7 | 7 | 7 | 6 | 10 | 6 |
| General ledger—debits and credits..... | | | P | 10 | | 7 | P | | | 7 | 6 | 5 | 6 | 10 | 6 |
| Foreign drafts—outstanding advices..... | | | 10 | | 5 | 7 | | | | 7 | 1½ | 7 | 15 | 15 | 3 |
| Vostro credits..... | | | P | 10 | 14 | | | | | 7 | 6 | 7 | 6 | 7 | 6 |
| Vostro debits..... | | | P | 10 | 14 | | | | | 7 | 6 | 7 | 6 | 7 | 6 |
| B. Collection | | | | | | | | | | | | | | | |
| Collection copies—Outward..... | | | 10 | 7 | 5 | 7 | 7 | 20 | | 10 | 6 | 3-7 | 6 | 7 | 6 |
| Inward..... | | | 5 | 1 | 5 | 7 | 7 | 20 | | 10 | 6 | 3-7 | 6 | 7 | 6 |
| C. Loans and commodities | | | | | | | | | | | | | | | |
| Correspondence..... | | | 10 | 7 | 14 | 7 | | | | 10 | C+15 | 7 | 6 | 10 | 6 |
| D. Foreign exchange | | | | | | | | | | | | | | | |
| Letters of credit—travelers..... | 7 | | C+15 | 7 | 20 | 16 | | | | 10 | 10 | 8 | 10 | 20 | 6 |
| Transfers, draft, mail and cable..... | 7 | | 10 | 20 | 10 | | | 6 | | 10 | 10 | 7 | 15 | 15 | 2 |
| E. Letter of credit | | | | | | | | | | | | | | | |
| Letters of credit..... | 7 | | C+15 | 7 | 20 | 7 | | 20 | | 10 | 6 | 8 | 10 | 10 | 6 |
| Correspondence..... | 7 | | C+15 | 7 | 14 | 7 | | 10 | | 10 | 6 | 8 | 6 | 10 | 6 |
| Sight payments..... | 7 | | C+15 | 3 | 20 | | | | | 7 | 7 | 8 | 10 | 10 | 11 mos. |

Legend: 10 (bold face) = Records are microfilmed
C = Closing

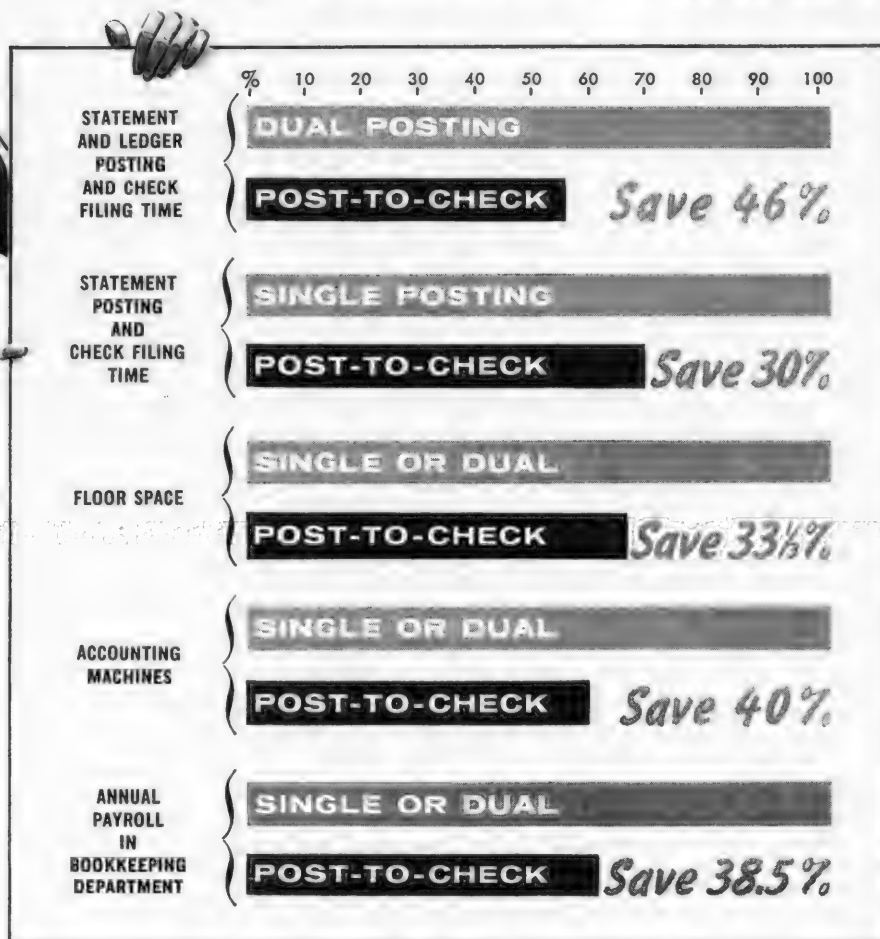
PY = Payment
P = Permanent

T = Termination

*Retention periods recently developed by New York bank with assistance from National Records Management Council.



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Figures here are conservative, taken from systems in use. Benefits in many cases were greater.

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BANK LAW NEWS

State Taxation—Safe Deposit Lease

TAXATION—STATE

California court upholds validity of "built-up" tax rate under §5219 U.S.R.S.

AFTER eight years of litigation, a California court has upheld the validity of that state's unusual system of taxation under which banks are assessed—in addition to a basic rate of excise tax, measured by their net income—a further percentage of their income to compensate the state for the personal property taxes which they are by law exempted from paying. Had the court decided otherwise, California banks might have been entitled to recover some \$75,000,000 of taxes paid to the state since 1933.

A brief look at the background of the decision may be helpful to an understanding of it: Federal law permits the states to tax national banks in one of four specified ways. It also sets up certain safeguards against excessive or discriminatory taxation of such banks by the states. For example, it forbids the states to tax the banks on their personal property, and it provides that the rate of any income or excise-income tax assessed on them may not be higher than the rate assessed on other financial corporations, nor higher than the highest rate assessed on mercantile, manufacturing and business corporations.

California long ago chose to use the fourth method of taxing national banks permitted by Federal law: an excise tax, according to or measured by their net income from all sources. For some years thereafter, banks paid only real property taxes and the excise tax, while corporations other than banks were required to pay various forms of personal property taxes in addition to their real property and income taxes.

In due course, the state contended that nonbanking corporations were bearing a higher burden of taxation than banks. As a result, the legislature introduced a system under which the state tax authorities determined the percentage of net income of business corporations which was paid out in personal property taxes each year, and then added that percentage to the basic rate of the bank excise-income tax.

The banks soon maintained that the new system was unfair, since the act which provided for the so-called "built-up" rate also provided that the data used to compute it should be kept secret. Three national banks eventually brought suit against the state's Franchise Tax Board for a refund of taxes paid, contending that the method of taxation was unconstitutional and illegal.

Last January a judge of the Superior Court for Sacramento County held, in a memorandum opinion, that the banks had not sustained the burden of proving that the rate of tax assessed on them was higher than the rate assessed on other financial corporations, or higher than the highest rate assessed on mer-

cantile, manufacturing and business corporations.

It might fairly be said that the banks' case fell victim to the system which it attacked, for the court granted that the nondisclosure provisions of the taxing statute prevented taxpayers from proving that errors had been made which affected their tax rate. The court stated that "the very nature of the tax and the methods adopted for its determination made it necessary for the taxpayers to accept on faith the burden of paying taxes without the privilege of exploring in every detail the processes which went into the computation of the rates." It had "no doubt" that there had been widespread misclassification by county and city assessors of property, the taxation of which formed a basis for the built-up bank tax rate. It had "no doubt" that errors of many kinds might result in a higher rate of tax on banks than would have been fixed if the computations and basic data had been free from error. It felt that the nondisclosure provisions were "vicious and unnecessary." But, it observed, there was nothing it could do about them since, some time previously, the California Supreme Court had upheld their validity.

In any event, despite its dislike of the nondisclosure provisions the court felt that the basic question was not one of arithmetical rates, but of comparative tax burdens. All that was required by the twin limitations placed by Federal law on the rate of taxation of national banks, said the court, was a rough approximation of the rates on national banks and those on other corporations, "notwithstanding the fact that the taxpayer might have saved some money if he had been able to prove

(CONTINUED ON PAGE 100)

Forged endorsement: Partnership estopped from claiming reimbursement of money paid on forged endorsements, where its bookkeeper handled entire banking account, bank was led to believe she was fully authorized to handle accounts, and partnership failed to make check of statement which would have disclosed her wrongful acts. *Clark-Kelley Livestock Auction Co. v. Pioneer Bank & Trust Co.* (La. Sup. Ct.) 81 So.2d 869.

WHEN CAPITAL CHANGES UPSET THE FEDERAL TAX PICTURE . . .

For details, see Standard Oil Co. of New Jersey, 1 share held, Record date 8-27-54. Taxable. Cash paid in lieu of fractions at \$1.56 per 1/60 share. Standard Oil Co. (New Jersey). Market value Standard Oil Co. of N. J. (100%-99%) 99%

Noncorporate recipients: Basis is market value above and date of acquisition for holding purposes is 9-30-54.

Corporate recipients: The amount of the dividend and the basis of the Standard Oil Co. (New Jersey) received is \$16.62 per share. Standard Oil Co. (New Jersey). The holding period for corporate recipients is long-term.

Above is accordance with the Internal Revenue Code of 1954 under which amount of dividend and basis thereof for corporate recipients is the lower of (a) fair market value or (b) basis in hands of distributing corporation.

100% stock dividend. Record date 10-25-54. Nontaxable. Price of common for conversion of debenture 3 1/8, 1982 changed to \$43.50 per share to 10-1-57 and to \$46 per share to 10-1-62. Conversion is nontaxable.

Distribution, 1 share Standard Oil Co. (New Jersey) for each 150 shares Standard Oil Co. (Indiana) held. Record date 11-1-55. Taxable. Cash will be paid in lieu of fractions at \$0.991 per share Standard Oil Co. (New Jersey). (150%-150) \$1.56 per share Standard Oil Co. (New Jersey). Basis of \$1.56 per share Standard Oil Co. (New Jersey). Date of acquisition is 10-1-54.

Individuals and other noncorporate stockholders: Basis of \$1.56 per share Standard Oil Co. (New Jersey). Date of acquisition is 10-1-54.

Corporate recipients: Amount of the distribution and basis of Standard Oil Co. (New Jersey) is \$16.89 per share Standard Oil Co. (New Jersey) received. Holding period is long-term.

Part of convertible debenture 3 1/8, 1982 called at 103 and interest. Called debentures are convertible into common at \$43.50 per share common through 2-10-56. Conversion is nontaxable. Cash paid in lieu of fractions results in capital gain or loss, computed comparing proceeds with basis of fraction. Counsel's opinion: No adjustment of interest is made on conversion of 3 1/8, 1982. If debentures were purchased plus accrued interest and such interest was not collected, the accrued interest paid should be added to the cost of the debentures.

Note: No adjustment of interest is made on conversion of 3 1/8, 1982. If debentures were purchased plus accrued interest and such interest was not collected, the accrued interest paid should be added to the cost of the debentures.

Basis and Number Tables—Original Shares

Present Basis Per Sh. ① Present Number of Shrs. ② Prior Basis Per Sh. ③ Prior Number of Shrs. ④

After 10-25-54 1,813.3024 1,813.3024 .0551% 1,800.0000 60.4434 1.6667% .0551% 60.0000 15.1108 6.6667% .0551% 15.0000 6.0443 33.3333%

Acquired Transaction

% for Figuring Basis of Stock and Rights

Complete Capital Changes Histories of over 12,000 Corporations

Full Description of Each Capital Change

Quick Basis Guide

Market Value and Basis of Dividend in Kind

Holding Periods

Up to Date

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Then, too, there is everything needed in handling the federal tax problems peculiar to taking deductions on worthless securities, war casualty losses and recoveries, and the dividends received credit for corporate holders of certain public utilities stocks.

Not a statistical service, not a financial advisory service—these fill their own place in reporting financial events. SINCLAIR-MURRAY CAPITAL CHANGES REPORTS is concerned not with reporting financial events as such, but is exclusively concerned with reporting instead how certain financial events affect the tax picture of the security holder.

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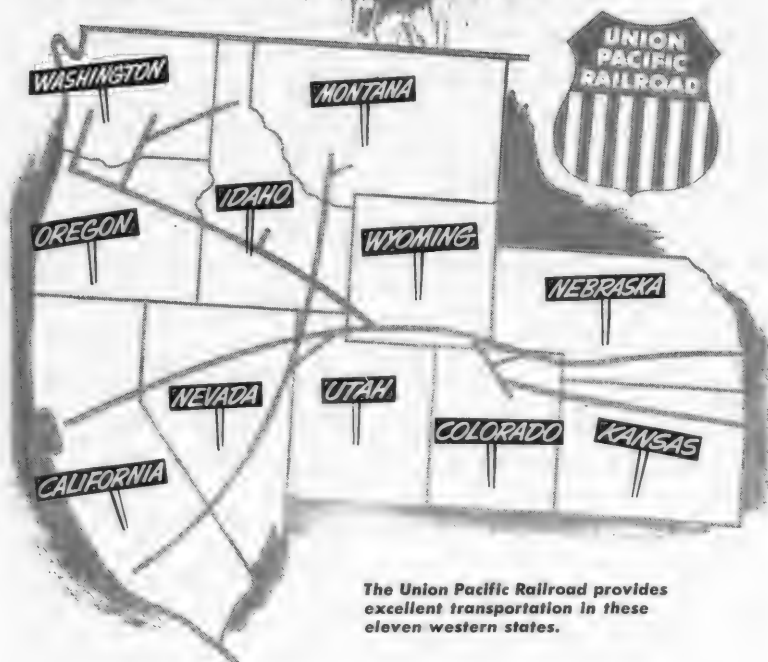
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from Union Pacific "OUTPOSTS" comes information of pertinent value to SITE-SEEKERS . . .



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INDUSTRIAL DEVELOPMENT DEPARTMENT
UNION PACIFIC RAILROAD
Room 395, Omaha 2, Nebraska

UNION PACIFIC RAILROAD

(CONTINUED FROM PAGE 98)

that there were errors which affected the rate." Some discrepancy in actual arithmetical rates of tax was justifiable "on the ground of practical tax administration," the court held.

Furthermore, said the court, "rate" means burden of taxation rather than arithmetical rate. California's system of taxation was designed to equalize the tax burdens of banks and other corporations, and if the comparative tax burden, rather than the pure arithmetical rate fixed for national banks, did not exceed the limits set by the Congress, it must be upheld, the court concluded. Security-First National Bank of Los Angeles, Bank of America N.T. & S.A., and Farmers and Merchants National Bank of Los Angeles vs. Franchise Tax Board of the State of California. California Superior Court, Sacramento County, Nos. 69559, 74235, 69564, etc. Jan. 4, 1956.

SAFE DEPOSIT

Joint lease of a box does not create a joint tenancy in its contents.

ALTHOUGH the high courts of many states have endeavored to point out that it just isn't so, there still seems to exist a common belief that an agreement with a bank for the joint lease of a safe deposit box creates a joint tenancy with right of survivorship in the contents of the box. Sometimes uninformed laymen unfortunately order their affairs in that mistaken belief. Perhaps at other times the proposition that joint ownership of a box creates joint ownership of its contents is advanced solely as an afterthought born of hope.

Recently, in Wyoming, a widow brought an action for a declaration that she, rather than the executors of her husband's will, was the sole owner of property found in a safe deposit box which she had rented jointly with him. At the trial it appeared that the husband had rented the box in question for many years before the agreement making them joint lessees was executed; that beneath their signatures on the bank's printed form of agreement there appeared the legend, "As joint tenants with right of survivorship"; that the agreement made no reference to the contents of the box; that the wife had not been aware when she exe-

cuted it that it was a joint tenancy agreement; that deceased left five daughters as well as his widow; that he left a will; that the will did not leave the property in the box solely to the widow; and that the property had a value of approximately a million and a half dollars.

Wyoming's Supreme Court turned down the widow's claim, holding that the quoted clause in the printed form of agreement was affixed by the bank primarily for its own protection so that it would not be responsible for the withdrawal of the contents of the box by either party alone; and that the contract itself could not be held to create a joint tenancy in the contents, in the absence of some specific language to that effect.

"It cannot be surprising that a husband permits his wife to have access to his deposit box or rents the box jointly with her," said the court. "A man may have other objects of affection aside from his wife, and the mere fact that he has sufficient confidence in his wife to give her access to his deposit box cannot be construed to mean that he wants to disregard his affections for anyone else by giving her all the property in the box," the court concluded. *Hartt v. Brimmer*, 287 P.2d 643. See *P. D. Safe Deposit and Safekeeping. Op. 12:9, Vol. III, p. 3360.*

BRIEF NOTES ON OTHER CASES

Guaranty of prior endorsements: Statute providing that endorsement guaranteeing prior endorsements constitutes guaranty to subsequent holders, drawee, and payor, of genuineness of and authority to make prior endorsements, protects drawee so far as defective or irregular endorsements are concerned, but does not make endorser the guarantor of drawer's signature. *Fidelity & Deposit Co. v. Peoples Exchange Bank* (Wisc. Sup. Ct.) 71 N.W.2d 290.

Letter of credit: Seller's cancellation of contract of sale, on grounds that letter of credit opened by buyer was not in accord with terms of the contract, was not justified when the variances were immaterial and the seller had not requested that the letter be amended to eliminate them. Matter of arbitration between *Iida & Co., New York, Inc., and Devidayal (Sales), Ltd. (N. Y. Sup. Ct., N. Y. Co.)* N.Y.L.J. Dec. 14, 1955.

JOHN RENÉ VINCENS



Our plant wrecked . . . our orders unfilled . . . but we still "earned" \$446,000

(Based on Company File #DOA-9-1566S)

A freak windstorm hit our plant one afternoon. A powerful gust snapped the guy wires on the 150-foot steel stack at our powerhouse.

The stack folded over. Downdraft started a fire that destroyed the powerhouse and a nearby building.

Without power, our whole operation halted. We were six months getting back to normal production.

Meanwhile, our expenses piled up and orders went unfilled.

Only our Business Interruption Insurance kept us from going deeply into the red. The \$446,183 we received took care of our continuing expenses—and gave us the same profit we would have made, had we been doing business as usual during the entire time!

This firm had the foresight to protect its ability to stay in business. Every one of your banking customers can—and should—do the same.

Business Interruption Insurance offers a practical way to avoid a crippling loss of income when unexpected disaster causes a partial or complete shutdown. Fire, windstorm, explosion, riot and other insurable hazards can be covered by Hartford Business Interruption Insurance.

Have your customers call their Hartford Fire Insurance Company Group Agent or their insurance broker for details about this important, low-cost form of "income protection."

Year in and year out you'll do well with the

Hartford



Hartford Fire Insurance Company
Hartford Accident and Indemnity Company
Hartford Live Stock Insurance Company
Citizens Insurance Company of New Jersey . . . Hartford 15, Connecticut
New York Underwriters Insurance Company . . . New York 38, New York
Northwestern Fire & Marine Insurance Company
Twin City Fire Insurance Company . . . Minneapolis 2, Minnesota

BANKING NEWS

A.B.A. Electronics Committee Is Working Closely With Equipment Manufacturers on Automation Problems

Members of the Committee on Electronics of the A.B.A. Savings and Mortgage Division are working closely with representatives of major equipment manufacturers in an effort to speed progress toward automation of bank savings operations, according to Everett J. Livesey, chairman of the A.B.A. Committee, who is also vice-president and secretary of The Dime Savings Bank of Brooklyn, N. Y.

More than a year ago, the Savings and Mortgage Division of the A.B.A. embarked on a study of the possibilities of developing electronic and mechanical methods for the handling of bank savings department operations automatically.

At a recent meeting of the Committee in New York, it was decided

to establish a closer liaison between the Committee and equipment manufacturers through the appointment of individual Committee members to work closely with representatives designated by the equipment manufacturers. Several members of the Committee already have been paired with representatives of major manufacturers, and other assignments will be made as rapidly as the cooperative program between banking and industry can be developed. It is believed that accelerated progress toward automation of savings operations will result from the continuous contact maintained between representatives of the Committee and research staff and others representing manu-

(CONTINUED ON PAGE 105)

Paul D. Dodds and T. E. Ivey, Jr., Head A.B.A. Convention Hotel Committee

Bankers Asked to Make Room Requests to Hotel Committee

Activities at the 82nd annual convention of the American Bankers Association, to be held in Los Angeles, October 21-24, will be divided among a number of hotels, according to an announcement by the Convention Hotel Committee. Chairman of the Committee is Paul D. Dodds, vice-president, Security-First National Bank of Los Angeles; and vice-chairman is T. E. Ivey, Jr., vice-president, The California Bank, both of Los Angeles.

"The bankers of Los Angeles," the letter says, "welcome you to the 82nd annual convention of the Amer-

(CONTINUED ON PAGE 106)

Joint Meeting of A.B.A.'s National and State Bank Divisions

Officers of the National Bank and State Bank Divisions of the A.B.A. held a joint meeting in Washington recently. In addition, the State Bank Division representatives conferred with FDIC officials, while the National Bank Division leaders consulted with the Comptroller of the Currency. Later, officers of both divisions conferred jointly with members of the Federal Reserve Board. Clockwise, seated, Ben S. Summerwill, chairman, Iowa State Bank and Trust Co., Iowa City, former president, State Bank Division; Sherman Hazeltine, president, The Bank of Arizona, Prescott (SBD); Sam M. Fleming, president, Third National Bank in Nashville, Tenn., vice-president, National Bank Division; Ben C. Corlett, vice-president, American Trust Company, San Francisco, chairman, Executive Committee, State Bank Division; Robert H. Bolton, executive vice-president, Rapides Bank and Trust Company in Alexandria, La., president, State Bank Division; Gibbs Lyons, president, First-Stamford National Bank & Trust Co., Stamford, Conn., president, National Bank Division; L. A. Hollenbeck, chairman and president, Farmers and Merchants State Bank, Iroquois, S. D., chairman, State Bank Research Committee, SBD; Frank A. Weber, president, Garden State National Bank, Teaneck, N. J., chairman, Real Estate Loans Committee, NBD; James M. Givens, vice-president, Indiana National Bank, Indianapolis, chairman, Federal Legislation Committee, NBD; Archie K. Davis, chairman, Wachovia Bank and Trust Company, Winston-Salem, N. C., vice-president, State Bank Division; standing, Walter B. French, A.B.A. deputy manager and secretary, State Bank Division; W. M. Lockwood, president, Howard National Bank and Trust Company, Burlington, Vt., chairman, Executive Committee, National Bank Division; T. Allen Glenn, Jr., president and trust officer, Peoples National Bank, Norristown, Pa., former NBD president; and Carroll A. Gunderson, A.B.A. deputy manager and secretary, National Bank Division.





The program considered at a 2-day meeting of the Eastern Secretaries Conference in New York was devoted to a discussion of the various problems encountered by the state association secretaries in their day-to-day activity. Edward R. Tufts, executive secretary, Massachusetts Bankers Association, Boston, was elected president of the Conference, succeeding William B. Elliott, secretary-treasurer, Maryland Bankers Association; Belden L. Daniels, secretary, Pennsylvania Bankers Association, was elected vice-president; and Charles E. Burns, executive secretary-treasurer, Vermont Bankers Association, was elected secretary-treasurer. Clockwise, seated, Mr. Burns, Kerwin A. Spencer, Connecticut Savings; Charles G. Carswell, Maine Savings; Marshall C. Tyndall, Sr., Delaware; George R. Amy, A.B.A. deputy manager and secretary, State Association Section; Mr. Elliott; Mr. Tufts; Mr. Daniels; William K. Mendenhall, New Jersey; Josiah B. Chandler, Connecticut; Rawley F. Daniel, Virginia; and Kenneth McDougall, Massachusetts Savings; standing, Robert E. Watts and Albert L. Muench, New York; Percy B. Menagh, New Jersey Savings; Paul W. Albright (retired), formerly New York Savings; and Milton A. Roy, Rhode Island

Savings and Auto Loans Featured in New Promotion

Bank advertising and promotional material prepared by the Advertising Department of the A.B.A. and offered to banks this past month includes a special series of 12 newspaper advertisements featuring savings; a newspaper advertisement and folder depicting a family group making a savings deposit at a teller's window; and a new auto loan folder.

Illustrations

The 12-ad savings series uses unusual baby, pretty girl, and animal pictures as illustrations. The format is similar to that used in a series of general advertisements offered by the Department a year ago. The earlier series was so popular with banks that it was decided to repeat the same general type of illustrations on the special savings ads.

The ad and folder showing a family making a savings deposit is headlined "When It Comes to Saving Money, We're a BANK-minded Family."

The three-color auto loan folder is headlined "See Your Way Clear . . . to Low-Cost Financing With a Bank Auto Loan."

Check Routing Symbol Use Shows Continuing Gains

The check routing symbol program continued to make progress during 1955, and 94.5% of all checks handled by the Federal Reserve banks now carry the symbol in the right place, Valentine Willis, chairman of the Subcommittee on Collections of the Federal Reserve System, reports.

The new record high represented a gain of 1.4% over 1954. The First (Boston) Federal Reserve District leads the nation with 98.3% compliance, and the Second (New York) District follows with 97.6%.

Analyzed by states, the survey shows Connecticut leading with 99% and New Hampshire second with 98.8% compliance. Better than 90% compliance was achieved in 42 states and the District of Columbia in 1955, a gain of four states over 1954.

Banks could not handle the record volume of checks now being written, with accurate and speedy service to depositors, without the aid of the check routing symbol, Mr. Willis explained. He added that banks are now tackling the last stages of the job begun 10 years ago: urging customers who have

"The Trend of Bank Loans" Current Supplement Out

The Research Council of the A.B.A. recently released the current supplement to its publication *The Trend of Bank Loans*. The study gives tabulations and charts compiled from Federal Reserve reports on changes in loans of reporting member banks. The supplement covers the second half of 1955, and also provides blank forms for keeping the series current through Federal Reserve reports.

Since the Federal Reserve has begun to report agricultural loans separately from commercial and industrial loans, the blank forms have been revised to make provision for the new breakdown.

The current supplements to *The Trend of Bank Loans* are sold by the Research Council on a subscription basis at \$2 per year. Figures and charts covering the preceding half year are compiled and released as soon as practicable after the close of the period.

their own checks printed, rather than using those provided by banks, to request their printers to place the symbol in the upper right corner.



Lawrence E. Kreider

Dr. Lawrence E. Kreider, Agricultural Economist, Becomes A.B.A. Staff Member

Dr. Kreider Will Serve with Ass'n's Agricultural Commission

Dr. Lawrence E. Kreider, formerly agricultural economist of the Federal Reserve Bank of St. Louis, joined the staff of the American Bankers Association in the headquarters office last month. Announcement of the appointment was made by Merle E. Selecman, executive manager of the Association. Dr. Kreider will serve with the Association's Agricultural Commission.

Dr. Kreider was born in Whitley County, Indiana, and attended Purdue University, Ohio State University, and the University of Chicago. He holds B.S., M.S., and Ph.D. degrees from Purdue.

During World War II, Dr. Kreider served with the United States Army. He presently holds the rank of major in the United States Army Reserve.

He has operated a commercial farm and, from 1951 to 1952, served with the Farm Credit Administration on an intern basis conducting research study. He joined the Federal Reserve Bank of St. Louis as agricultural economist in 1953.

Dr. Kreider is vice-president of the Missouri Society of Farm Managers and Rural Appraisers and has been an instructor at Washington University at St. Louis.

The A.B.A. Agricultural Commission with which Dr. Kreider will be

William F. Owens, Bank Insurance Expert, Affiliates With A.B.A.

Is Named Assistant Sec'y of Insurance and Protective Comm.

William F. Owens joined the staff of the American Bankers Association as assistant secretary of the Insurance and Protective Committee on February 1. Mr. Owens comes to the A.B.A. from the Emigrant Savings Bank, New York City, where he has been supervisor of the Insurance Department since 1946. He is already familiar with this activity of the A.B.A., having been a member of the Association's Insurance and Protective Committee from 1949 to 1952.

Mr. Owens is a native Pennsylvanian and was educated in the public schools of Easton. He attended New York University and the American Institute of Banking. He entered banking in 1932 with the Bowery Savings Bank, New York City, and rose to assistant supervisor of the Insurance Department in that institution. From 1943 to 1946, he served with the United States Navy and on his discharge joined the Emigrant Savings Bank.

Active in Insurance Field

He has been chairman of the Savings Banks Insurance Forum, State of New York; a member of the Insurance Committee of the National Association of Mutual Savings Banks; and a member and chairman of the Committee on Insurance of the Savings Banks Association of the State of New York.

The Insurance and Protective Committee directs the work of the Association in the fields of bank crime prevention and bank insurance coverage. The Department is headed by George H. Hottendorf, deputy manager in charge.

associated is the subdivision of the Association devoted to studying farm financial problems, improving bank services to farmers, and strengthening banker-farmer relationships. Edgar T. Savidge is deputy manager in charge of the Commission.



William F. Owens

Six Successful School Banking Program Displays to Be Seen at Conference

On Exhibit During School Banking Forum, Savings Conference

Bankers and school executives and teachers who participate in the National School Savings Forum at the Hotel Statler in New York City on March 5, being held in connection with the Annual Savings and Mortgage Conference of the American Bankers Association, will have an opportunity to learn about six successful school banking programs in as many communities. This announcement was made by Millicent A. Trichler, assistant secretary, Dollar Savings Bank, New York, who is chairman of the A.B.A. Committee on School Savings Banking.

Banks preparing exhibits include: Bank of America N.T. & S.A., San Francisco; Lincoln National Bank & Trust Company, Fort Wayne, Ind.; Holyoke (Mass.) Savings Bank; Howard Savings Institution, Newark, N. J.; South Brooklyn Savings Bank, Brooklyn, N. Y.; and the Poughkeepsie (N. Y.) Savings Bank.

The exhibits will be of special interest to bankers and educators who are now conducting or who are considering going into school savings programs.

These exhibits will be available for examination between the close of the afternoon forum session and the dinner which will be held that evening in the Grand Ballroom; also throughout the conference.

Electronics Committee Works with Manufacturers

(CONTINUED FROM PAGE 102)

facturers who are charged with the responsibility of developing equipment for specific applications in automation of bank savings operations.

Chairman Livesey and David H. Hinkel, assistant secretary of The First National Bank of Chicago, and consultant to the Committee, will have general supervision over all contacts and negotiations, and especially with smaller equipment manufacturers, research organizations, and universities which are contributing to the program of automation of savings banking operation.

Following are Committee members and the company representatives with whom they will maintain liaison, who have already been assigned:

| <i>Committee Member</i> | <i>Representative of Manufacturer</i> |
|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| J. Norman Miller Assistant Vice-president Provident Trust Company Philadelphia, Pa. | George F. Schmucki Director of Product Planning Monroe Calculating Machine Company |
| Chairman Livesey | William F. Arnold Vice-president in Charge of Sales Underwood Corporation |
| Robert F. Marchant Vice-president and Treasurer The Bank for Savings New York, N. Y. | H. B. Matheny Manager, Vocational Sales Depts. Remington Rand, Inc. |
| Robert E. Fendrich Research Officer The Howard Savings Institution Newark, N. J. | R. W. Retterer Manager, Bank Department International Business Machines Corp. |
| Gustave Bottner, Jr. Vice-president and Comptroller Dry Dock Savings Bank New York, N. Y. | O. B. Gardner Manager, Accounting Machine and Electronic Sales National Cash Register Company |
| Albert F. Kendall Comptroller New York Savings Bank New York, N. Y. | M. E. Mengel Vice-president, Product Planning Burroughs Corporation |
| | C. S. Margach Dir., Research & Methods Division Addressograph-Multigraph Corp. |

Other members of the Committee are: Walter F. Clow, vice-president, The First National Bank of Chicago; Donald S. Thompson, first vice-president, Federal Reserve Bank of Cleveland; A. R. Zipf, assistant vice-president, Bank of America N.T. & S.A., San Francisco; Earle A. Welch, president, A.B.A. Savings and Mortgage Division, and treasurer, Meredith Village (N. H.) Savings Bank; Daniel W. Hogan, Jr., Division vice-president, and president, City National Bank & Trust Company, Oklahoma City; J. R. Dunkerley, deputy manager, A.B.A., in charge of Savings and Mortgage Division; Thomas L. Nims, Division secretary; and George H. Gustafson, assistant secretary of the Division.

A.I.B. Midyear Membership Figures Set New Record

The amazing growth which the American Institute of Banking has been experiencing during the last decade continued during the past semester, with midyear membership figures setting a new record for the ninth consecutive year, it has been reported by Walter L. Jackson of the Citizens and Southern DeKalb Bank, Avondale Estates, Ga., chairman of the Institute's National Membership and Enrolment Committee.

The membership of the A.I.B. on January 1, midpoint of its scholastic year, was 114,209, with 47,386 enrolments in A.I.B. classes throughout the country. This membership compares with 112,138 at the same time last year. There were 48,432 enrolments on January 1, 1955.

The Committee report notes that, during 1955, four new Institute chapters were formed, bringing the total A.I.B. organizations to 282 chapters and 155 study groups in as many cities and towns. The new chapters are Abilene (Tex.) Chapter; Cumberland - Perry County Chapter, Carlisle, Pa; Grafton (N. D.) Chapter; and Rowan Chapter, Salisbury, N. C.

California continues to have the largest A.I.B. membership — 17,823 members in 33 chapters and study groups. Ohio showed the largest growth in membership during 1955, with its total membership increasing by 573. Following were Minnesota, with an increase of 570, and Michigan, with an increase of 473.

Adrian M. Massie, chairman of the board, New York Trust Company, received the New York Chapter of the American Institute of Banking's annual honorary membership award as the year's outstanding banker. The presentation was made by Carl L. Maurer, assistant vice-president, Bankers Trust Company and president, New York Chapter, at the chapter's annual banquet in New York. Shown with Mr. Massie (*right, standing*) and Mr. Maurer (*left, standing*) are S. Sloan Colt, chairman of the board, Bankers Trust Company, and the Honorable Thomas E. Dewey, former Republican nominee for President, the guest speaker. Mr. Massie is a member of the A.B.A. Economic Policy Commission



ROBERT COOPER

Dodds and Ivey Head Convention Hotel Committee

(CONTINUED FROM PAGE 102)

ican Bankers Association. Los Angeles, as you know, is a city spread out over a large area, without concentration of a large number of hotels in the downtown section. We do have, however, many good hotels in outlying areas and nearby towns, such as Beverly Hills, Hollywood, Pasadena, Santa Monica, and Long Beach, all within commuting distance from downtown Los Angeles. Due to the extreme shortage of available space in the few downtown hotels, the Hotel Committee may not be in a position to assign you to the hotels requested. The bankers of Los Angeles are pleased to be your hosts, and we know that the visiting bankers will understand and cooperate with us in our difficult housing situation.

"The general convention sessions;

division, committee, commission, and council meetings; and various other convention activities will be held at a number of different hotels and auditoriums. So you may plan your arrival and departure time, as well as arrange for transportation accommodations, the following schedule of meetings has been announced: commissions, committees, councils, etc., Sunday, October 21; divisions, Monday, October 22; Executive Council, Monday, October 22; general convention sessions, Tuesday, October 23, and Wednesday, October 24; and new Executive Council, Wednesday, October 24.

"Regardless of prior requests for hotel accommodations—to the chairman or other members of the Committee—the official hotel application form must be filled in for every res-

ervation desired. Assignments will be made only from applications properly completed.

"The Hotel Committee requests all bankers to make application for convention hotel accommodations through the Hotel Committee and not apply directly to a hotel or to a Los Angeles bank. Applications will be processed in the order they are received, and the Hotel Committee will make every effort to comply with a preference for individual hotels which are requested. Due to the fact that Los Angeles will entertain many conventions before the A.B.A. meeting, there may be a delay of several weeks before confirmation of reservations is received from the various hotels.

"About the first of June, the delegates whose reservations have been confirmed will be sent instructions covering advance registration."

News for Instalment Credit Men

Items and Comment from Our Instalment Credit Commission and Other Sources

National Instalment Credit Conference Advance Program

THE wide interest among all classifications of the business community in the importance of instalment credit to the financing of an ever growing list of goods and services will make the National Instalment Credit Conference, sponsored by the Instalment Credit Commission of the American Bankers Association, this year at the Sheraton Jefferson Hotel, St. Louis, Mo., March 19, 20, and 21, one of the most important in the history of the Commission, according to Carl A. Bimson, chairman of the Commission, and president, Valley National Bank, Phoenix, Ariz. Mr. Bimson has announced a tentative program for the 3-day meeting, which is expected to bring approximately 1,500 bank credit executives to St. Louis.

During the conference, bankers will hear representatives of industry—sales, and financing—executives from leading firms in the automotive and appliance fields, and bankers who have done outstanding jobs in the administration of their own bank instalment credit depart-

ments, who will deliver formal addresses and participate in panels.

In addition, the entire session on Tuesday afternoon will be devoted to "bull sessions," which will be held simultaneously, with 40 banker discussion leaders. Each group will cover specialized phases of consumer and instalment credit, and every banker in attendance will have the opportunity to ask questions and participate in discussions of instalment lending problems.

Among the nonbanker speakers who have accepted invitations to address the conference are Arthur Bruen, assistant treasurer, American Motors Corporation, Detroit, Mich.; Ross D. Siragusa, president, Admiral Corporation, Chicago; Admiral Frederick J. Bell, executive vice-president, National Automobile Dealers Association, Washington, D. C.; Charles P. Fiske, executive vice-president, General Motors Acceptance Corporation, New York City; and Sidney E. Rolfe, economist, C.I.T. Financial Corporation, New York City.

Bankers on the program include Thomas Geis, financial economist, Federal Reserve Bank of Kansas City; Kenton R. Cravens, president, Mercantile Trust Company, St. Louis; J. P. Dreibelbis, senior vice-president, Bankers Trust Company, New York City; David R. Buttrey, president, State Bank of Jacksonville, Fla.; and Chairman Bimson.

On Monday afternoon, March 19, two panel discussions will take place. Bankers participating in the panel on "Automobile Financing—Direct and Indirect" are Keith G. Cone, vice-president, LaSalle National Bank, Chicago, moderator; William A. Spaugh, vice-president, American Security & Trust Company, Washington, D. C.; August F. Wagele, vice-president, Bank of America N.T. & S.A., San Francisco; and Frank J. Wolfe, senior vice-president, Wachovia Bank and Trust Company, Winston-Salem.

The participants in the panel on "Financing Other Types of Durables and Services—Appliances, Farm Equipment, Home Modernization"

are: Charles E. Harmon, vice-president, Northwestern National Bank of Minneapolis, moderator; Edwin F. Brandt, vice-president, The Old National Bank of Spokane, Spokane; Harrison W. Klockow, assistant vice-president, First Wisconsin National Bank of Milwaukee; and Paul H. Young, vice-president, The Boatmen's National Bank of St. Louis.

The tentative program follows:

First Session

Monday, March 19, 1956, 10 A.M.

Chairman, Philip Woolcott, chairman of board and president, The Bank of Asheville, Asheville, N. C.

Introductory remarks by Chairman Bimson.

"Financing the Automobile Dealer in Today's Market" by Arthur Bruen, assistant treasurer, American Motors Corporation, Detroit.

"Prospects and Problems of the TV-Appliance Industry" by Ross D. Siragusa, president, Admiral Corporation, Chicago.

Second Session

2 P.M.

Chairman, John L. Gibson, vice-president, Republic National Bank of Dallas.

"Automobile Financing—Direct—Indirect"—Panel composed of Keith G. Cone (Moderator), vice-president, LaSalle National Bank, Chicago; William A. Spaugh, vice-president, American Security & Trust Company, Washington, D. C.; August F. Wagele, vice-president, Bank of America N.T. & S.A., San Francisco; and Frank J. Wolfe, senior vice-president, Wachovia Bank and Trust Company, Winston-Salem, N. C.

"Financing Other Types of Durable and Services—Appliances—Farm Equipment—Home Modernization"—Panel composed of Charles E. Harmon (Moderator), vice-president, Northwestern National Bank of Minneapolis; Edwin F. Brandt, vice-president, The Old National Bank of Spokane, Wash.; Harrison W. Klockow, assistant vice-president, First Wisconsin National Bank of Milwaukee; Paul H. Young, vice-president, The Boatmen's National Bank of St. Louis.

Third Session

Tuesday, March 20, 1956, 9:30 A.M.

Chairman, James P. Hickok, executive vice-president, First National Bank in St. Louis.

"N.A.D.A. Message" by Admiral

Frederick J. Bell, executive vice-president, National Automobile Dealers Association, Washington, D. C.

Address by Thomas Geis, financial economist, Federal Reserve Bank of Kansas City.

Address by Charles P. Fiske, executive vice-president, General Motors Acceptance Corporation, New York.

"Selective Credit Controls" by Kenton R. Cravens, president, Mercantile Trust Company, St. Louis.

Discussions

2 P.M.

Discussion leaders to be announced at a later date.

Fourth Session

Wednesday, March 21, 1956, 9:30 A.M.

Chairman, Mr. Bimson.

Address by J. P. Dreibelbis, senior vice-president, Bankers Trust Company, New York.

"Farm Equipment Financing" by David R. Buttrey, president, State Bank of Jacksonville, Fla.

Address by Sidney E. Rolfe, economist, C.I.T. Financial Corporation, New York.

News on Savings

Items and Comment from Our Savings and Mortgage Division and Other Sources

Interest Rate Importance

"It is a serious error in judgment to assume that rate is not important—rate is always important," J. R. Dunkerley, deputy manager of the American Bankers Association in charge of the Savings and Mortgage Division, told the Regional Savings and Mortgage Conference in Kansas City.

Continuing, Mr. Dunkerley stated that "now we are in a period of over-emphasizing the importance of rate. Of course rate is important, but so is location and convenience; so is the advantage of doing all one's banking at one location; so is promotion and the type of services performed, especially the manner in which they are performed.

"Rate is very important to a saver who has more in his checking ac-

Speakers and guests at the annual Presidents' Dinner of the Savings Bank Women of New York included, *left to right*, Daniel T. Rowe, vice-president, Savings Banks Association of the State of New York and president, Kings Highway Savings Bank, Brooklyn; Alice Phillips, president, Savings Bank Women of New York and assistant secretary, The Prudential Savings Bank, Brooklyn; Charles Diebold, president, National Association of Mutual Savings Banks and president, The Western Savings Bank of Buffalo; the Hon. Mary Honor Donlon, judge, United States Custom Court, New York City; and the Hon. George A. Mooney, Superintendent of Banks of the State of New York, Albany. The dinner honored the presidents and other top executive officers of the Greater New York City savings banks



count than he needs. Rate is important to a saver who has more than six months' income on deposit in the savings department of a commercial bank. Rate is important to the saver whose savings account has reached the maximum on which his bank is willing to pay interest.

"Rate is less important to the typical saver whose savings account in a commercial bank averages less than \$1,000.

Split Rates

"In retrospect, it would appear that the split rate idea in the 1940s was not attractive because savers were not rate-conscious as they are today. Now there is a renewed enthusiasm for that type of split rate. Some New York savings banks, which are not restricted by the 2½% limitation of the Federal Reserve and the FDIC on savings in commercial banks, are paying a basic rate of 2½% or 2¾% and a bonus of ¼ of 1% on money left on deposit at least a year. Some of these banks have recently attracted large sums of investment money."

It is problematical whether such a split rate would attract much money at the rates which commercial banks could prudently pay on their savings accounts which, of course, should contain no investment money. However, before considering an increase from say 1½% to 2% or 2½%, it might be wise to try the split rate by holding your basic rate and paying your maximum rate on money which remains on deposit at least a year. Such a split rate would enable you to advertise your maximum rate in competition and would enable you to pay the

Comparative Growth in Savings

(In billions)

(Preliminary figures as of December 31, 1955)

| | Dec. 31 1955 | Dec. 31 1954 | Incr. for Yr. |
|-----------------------------------------------------------------|-----------------|-----------------|------------------|
| Commercial banks... (savings and time deposits) | \$48.2 | \$46.8 | \$1.4 |
| Mutual savings banks (savings deposits) | 28.1 | 26.3 | 1.8 |
| Savings and loan associations... (savings share accounts) | 32.0 | 27.3 | 4.7 |
| Life insurance companies... (policy reserves) | 73.7 | 69.3 | 4.4 |
| U. S. Savings Bonds... (all series of Savings Bonds) | 58.3 | 57.7 | 0.6 |
| Postal Savings... (deposits) | 1.9 | 2.1 | -0.2 |

highest possible rate to the real savers. You could test the approximate cost by applying the contemplated rates to your savings department operations of the past six months. From analyses we have made of activity, we know there would be great variations among banks as to the effective rate even though the basic and bonus rates are identical."

Determining Factors

Mr. Dunkerley summarized by stating: "The fundamental approach to the question of rate is to determine (1) the earning rate of the bank; (2) the cost of handling savings; (3) amount needed to build reserves; and (4) a reasonable rate of return to stockholders.

Lobby Is Point of Sale

"**K**now your customers! Know their money habits!" was the command laid down by Daniel W. Hogan, Jr., president of the City National Bank and Trust Company, Oklahoma

City, in an address at the regional Savings and Mortgage Conference in Kansas City.

Continuing, Mr. Hogan gave some helpful suggestions on "How to Sell Savings," stating in part:

"If a certain checking account is getting fatter than usual, invite its owner to stash part of it away in a savings account so he'll be getting a little interest. Beat him to the draw! Latch onto this hot money before it has a chance to slip through your fingers into a savings and loan association.

"Load your check counters with blotters; put stuffers in your monthly statements. The cost is small! When you get back home, look over the samples of cracker-jack advertising material that the A.B.A. has brought our way.

"Your lobby is your point of sale! It's the pathway of your customers. It's extra space that you can use for free to feature your sales message and get it over to your customers where they can take immediate action. So set up lobby posters and displays!

Use "Sign" Language

"Be newsy at your savings window with your sign language. For instance, Save for a Sunny Day! or When You Pay Bills, Pay Yourself First... at This Window! or Save your Savings, Get a Loan! or Save Regularly to Accumulate Next Year's Taxes! Why not run a savings banner clear across the lobby or across the front of your bank building?

Flair for Showmanship

"For a change of pace, how about

Women in business were honored at a Valentine's Day luncheon given by the Sales Executives Club of New York, at which Arlene Francis, star of NBC's "Home Show," was named "Outstanding Woman Sales Personality of the Year." Two New York City women savings bank executives were recognized along with a score or more of outstanding feminine figures in the world of art, letters, business, and fashion. Shown at left, Dorcas Campbell, assistant vice-president, East River Savings Bank, and treasurer, Girl Scouts of America, and Actress Jayne Mansfield. At right, Josephine G. Schaefer, vice-president and director, Douglas L. Elliman, Inc., and Mabel F. Thompson, assistant secretary, Union Dime Savings Bank



a little flair for showmanship to set the whole town talking? Drive a sports car or a jeep into your lobby to illustrate your sign, Save for a Down-Payment on That Dream Car! Or drive a tractor up in front of the bank and invite the farmer to open a depreciation savings account, so he'll have the wherewithal to replace worn-out equipment.

"Just to be on the safe side, send

off and get a copy of *Selling Your Bank Through Window and Lobby Displays*; it's another A.B.A. how-to-do-it manual.

"But how are you going to inveigle the stranger to turn in at your front door? By inviting him over and over again to come in and open a savings account; by high-powered selling and by consistent advertising!"

Staff Has Leading Role

"Your staff can play a leading role in building up your savings deposits, but no teller can face a prospect successfully with no more preparation than a savings pass-book, the rate of interest, and a shoeshine."

Mr. Hogan is vice-president of the A.B.A. Savings and Mortgage Division.

News for Mortgage Credit Men

Items and Comment from Our Savings and Mortgage Division and Other Sources

New Housing Starts

ALMOST 1,330,000 nonfarm homes were started in 1955, according to the U. S. Department of Labor's Bureau of Labor Statistics. Starts in 1955 were second only to the record 1,396,000 units in 1950 and were 9% higher than in 1954.

Of the units started in 1955, almost 1,311,000 were privately owned and 19,000 were in public housing projects. About 29% of the nonfarm housing starts in 1955 was located in the South; 27%, in the North Central region; 24%, in the West; and 20%, in the Northeast. The distribution was roughly the same in 1955 as in 1954.

New permanent nonfarm housing starts in January 1956, including 1,000 private starts, numbered 74,000. This compares with 87,600 in January 1955.

Need for Nonwhite Housing

"Since World War II, The Bowery Savings Bank has invested many millions of dollars in mortgage loans on nonwhite and unsegregated housing, and its experience has been in all respects as favorable with such loans as with loans on properties occupied exclusively by whites," Earl B. Schwulst, president of The Bowery Savings Bank, said recently in a talk before the Washington Housing Association and the Potomac Chapter of the National Association of Housing and Redevelopment Officials in Washington, D. C.

Mr. Schwulst pointed out that the need for nonsegregated housing is great and that despite "the large number of modern housing units

Estimated Volume of Savings and Mortgage Investments (In billions)

| Agency | Dec. 31, '55 | | Dec. 31, '54 | |
|------------------------------|--------------|---------------|--------------|---------------|
| | Savgs. | Mtge. Invest. | Savgs. | Mtge. Invest. |
| Commercial banks..... | \$48.2 | \$21.0 | \$46.8 | \$18.6 |
| Mutual savings banks..... | 28.1 | 17.3 | 26.3 | 15.0 |
| Postal Savings | 1.9 | — | 2.1 | — |
| Savings and loan ass'ns... | 32.0 | 31.0 | 27.3 | 26.1 |
| U. S. Savings Bonds..... | 58.3 | — | 57.7 | — |
| Life ins. pol. reserves..... | 73.7 | 29.3 | 69.3 | 25.9 |

made available in this nation since World War II, the number of units which can be occupied by nonwhites is small in relation to the total population of nonwhites. However, there is increasing evidence that builders are becoming aware of the improved income status of nonwhites and, particularly, Negroes.

"Many more lending institutions are discovering that mortgage loans on nonwhite properties, when underwritten on a sound economic basis, are highly satisfactory investments."

Housing Legislation Review

New housing and savings legislation was reviewed by Earle A. Welch, president of the Savings and Mortgage Division of the A.B.A., before the regional Savings and Mortgage Conference in Kansas City.

Here are some excerpts from Mr. Welch's remarks:

The prospect for new housing legislation in 1956 is occupying the close attention of our Committee on Real Estate Mortgages. As Congress reconvenes, it is faced with grave responsibilities in the housing and mortgage credit field. Decisions

made now may well affect the whole future course of our national housing economy. Will legislation be in the direction of sound credit and a sound economy, or in the direction of more boom today with a possible bust, or the need for more Government support tomorrow?

Mortgage Funds Available vis-à-vis Housing Needed

Congress will also surely look into the question of whether there is a widening gap between the amount of funds which are available to finance housing and the amount of housing that is actually needed. This is a major problem to be resolved, and one which could have a very important influence on bank lending policies, the building trades as suppliers of new houses, and the public as home purchasers. This problem is not only fundamental from an economic and social standpoint, but is political as well.

Savings Legislation Being Watched

There are several immediate proposals for Federal legislation in 1956 which affect savings activities, and which are important to banking. The Committee on Federal Legislation of the Savings and Mortgage Division is alert and informed and is working for their enactment. One is a bill to restrict the branch office privileges of Federal savings and loan associations to those presently permitted state-chartered savings and loan associations and mutual savings banks. Another bill relates to the termination of the Postal Savings System.

Other bills in prospect which are

of interest to banking and affect housing and mortgage credit, which are being followed closely include:

All-Inclusive Housing Bill

(1) A proposed all-inclusive housing bill scheduled to be introduced soon, which will embrace a program of greatly expanded home construction, include new provisions for Government support of urban renewal and slum clearance, and revive again the large expenditures of Government funds for public housing purposes. This bill is being prepared by Leon Keyserling, former chairman of the President's Council of Economic Advisers. It is designed to assure the construction of 2,000,000 homes annually, with more liberalized mortgage terms, and supported by a Government direct lending operation to be sure that credit is available when no one else can supply it.

Government Disaster Subsidy

(2) Bills are in prospect for some form of Government subsidy of disaster protection to residences, such as in flood or atomic explosion.

"Secretary of Housing"

(3) Congressman Teague of the Veterans' Affairs Committee of the House of Representatives is readying a bill to terminate the GI Home Loan Program, and consolidate FHA and all Government housing interests into one gigantic whole, with a new member appointed to the President's Cabinet as a "Secretary of Housing."

Liberalization of National Bank Mortgage Loans

(4) The National Bank Division of the A.B.A. has been successful in getting legislation amending the National Bank Act to enable national banks to lend up to 66% of appraised value on 20-year amortized mortgages. Another bill still under consideration will permit construction loans on commercial properties up to 18 months, and without the necessity of furnishing a completion and release of lien bond as previously requested by the Comptroller.

Urban Renewal

On the subject of urban renewal, Mr. Welch had this to say:

The Administration housing concept envisioned in the Urban Renewal Program, first proposed last year and presently actively encouraged by private enterprise groups, is bound to come more importantly to our attention. Slum clearance and reconstruction of blighted neighborhood areas is a major objective of Government and industry alike. Billions of dollars in new construction and the reconstruction of existing

dwellings will be devoted to this growing program in every area of the country. It represents a major real estate financing objective, and offers a most unusual opportunity for investment and community development and service by banks in coming years.

Home Improvement

Home improvement, too, was touched upon by Mr. Welch:

In 1956, all home owners are being encouraged to fix up their houses, by participating in a program sponsored by the Chamber of Commerce of the United States. The slogan is "1956—the Year to Fix." The President, every Government housing agency, and many outstanding business firms, endorse it and encourage home repair and improvement in every area. The amount of business which will be generated by this huge promotion is estimated anywhere from \$10-billion to \$15-billion over the next several years, and a great deal of it must be financed by bank loans. While we in the Savings and Mortgage Division recognize the benefits of this effort, we have urged, and will continue to urge, that all repairs and improvements that are made should be of the kind that add to the utility and livability of the property.

"Open-End" Mortgages

Another topic, "open-end" mortgages, received attention in President Welch's address. This is what he had to say on the subject:

This form of mortgage contract is

Dr. Ernest M. Fisher, professor of Urban Land Economics of the Graduate School of Business, Columbia University, speaking at the 20th Anniversary Reunion of The Graduate School of Banking in New York City. Seated, right, J. R. Dunkerley, A.B.A. deputy manager in charge of the Savings and Mortgage Division



used extensively by our competitors for loans. While it has some shortcomings, it must be granted that it offers greater opportunities for personal financing by the home owners, and is a device which may also be helpful to the lender. Our Committee on Real Estate Mortgages has studied all phases of the "open-end" mortgage, and has advised banks of its advantages and of its disadvantages. It has advised when to proceed with caution. The Committee has repeatedly urged due regard for sound credit principles in making readvances of principal on "open-end" contracts; and warned that the improvement which it finances should add to the livability, utility, and value of the property. If "open-end" advances are not carefully and wisely controlled, they can have the effect of adding to the financial burden of the borrower without a corresponding gain in his asset position, and therefore lower the quality of the loan for the lender. It can operate to defeat the purpose for which amortization is intended.

The Committee also believes that the advice of counsel is essential for a bank to be assured that readvances of principal will have prior lien status before embarking on "open-end" mortgage plans.

Mr. Welch is treasurer of the Meredith Village (N.H.) Savings Bank.

Spotty Market Developing

THERE are many indications that a spotty market situation in real estate is developing, said Dr. Ernest M. Fisher, professor of Urban Land Economics of the Graduate School of Business, Columbia University, while discussing the situation and outlook in real estate and mortgage loans before the Savings Management Seminar at the 20th Anniversary Reunion of The Graduate School of Banking at The Sheraton-Astor Hotel in New York.

"It would seem gratifying and pleasurable," he said, "to predict with assurance and confidence that the continuously rising market for real estate and mortgages could be expected to continue indefinitely. This I cannot honestly predict. It seems likely that the older house is going to play a more important role in the market for homes than it has played since 1945. If its role should

(CONTINUED ON PAGE 134)

CALENDAR—1956

American Bankers Association

| | | |
|------|-------|----------------------------------------------------------------------------------|
| Mar. | 5 | Nat'l School Svgs. Forum, Statler Hotel, N. Y. C. |
| Mar. | 5-7 | Savings & Mortgage Conf., Statler Hotel, N. Y. C. |
| Mar. | 19-21 | Instalment Credit Conf., Jefferson Hotel, St. Louis, Mo. |
| Apr. | 22-24 | Executive Council, Spring Meeting, The Greenbrier, White Sulphur Springs, W. Va. |
| June | 4-8 | American Institute of Banking, Adolphus Hotel, Dallas |
| June | 11-23 | The Graduate School of Banking, Rutgers University, New Brunswick, N. J. |
| July | 13-17 | Central States Conference, Colorado Hotel, Glenwood Springs, Colo. |
| Oct. | 21-24 | 82nd Annual Convention, Los Angeles |
| Dec. | 2-4 | Southern Secretaries Conf., Cloister Hotel, Sea Island, Ga. |
| Dec. | 10-11 | Agricultural Credit Conf., Statler Hotel, St. Louis, Mo. |

State Associations

| | | |
|------|-------|--------------------------------------------------------------------------|
| Apr. | 2-5 | N. J. Bankers Public Relations School, Princeton |
| Apr. | 10-12 | Georgia, General Oglethorpe, Savannah |
| Apr. | 12-14 | Florida, Hollywood Beach Hotel, Hollywood |
| Apr. | 20-21 | Nevada, Thunderbird Hotel, Las Vegas |
| Apr. | 22-24 | Louisiana, Roosevelt Hotel, New Orleans |
| May | 2-5 | Pennsylvania, Chalfonte-Haddon Hall, Atlantic City, N. J. |
| May | 3-4 | Oklahoma, Skirvin Hotel, Oklahoma City |
| May | 3-5 | South Carolina, Poinsett Hotel, Greenville |
| May | 8-10 | Ohio, Deshler-Hilton Hotel, Columbus |
| May | 8-9 | Tennessee, Hotel Patten, Chattanooga |
| May | 9-11 | Kansas, Topeka |
| May | 10 | Delaware, Du Pont Hotel, Wilmington |
| May | 11-15 | Maryland, Claridge Hotel, Atlantic City, N. J. |
| May | 13-15 | Missouri, Jefferson Hotel, St. Louis |
| May | 13-15 | Texas, Statler-Hilton, Dallas |
| May | 16-17 | Indiana, Claypool Hotel, Indianapolis |
| May | 18-19 | New Mexico, Hilton Hotel, Albuquerque |
| May | 18-19 | North Dakota, Plainsman Hotel, Williston |
| May | 19-26 | North Carolina, Cruise to Havana & Nassau, SS Queen of Bermuda |
| May | 20-22 | California, Coronado Hotel, Coronado |
| May | 21-23 | Arkansas, Arlington Hotel, Hot Springs |
| May | 21-22 | Colorado, Broadmoor Hotel, Colorado Springs |
| May | 21-23 | Mississippi, Buena Vista Hotel, Biloxi |
| May | 23-25 | New Jersey, Chalfonte-Haddon Hall Atlantic City |
| May | 24-25 | Alabama, Jefferson Davis and Whitley Hotels, Montgomery |
| May | 31- | Alaska, Elks Lodge, Anchorage |
| June | 1-2 | Connecticut, Equinox House, Manchester, Vt. |
| June | 4-6 | Illinois, Palmer House, Chicago |
| June | 6-10 | Dist. of Col., The Homestead, Hot Springs, Va. |
| June | 7-9 | Massachusetts, New Ocean House, Swampscott |
| June | 7-9 | Washington, Olympic Hotel, Seattle |
| June | 8-9 | New Hampshire, * Wentworth-by-the-Sea, Portsmouth |
| June | 8-9 | Savings Banks Assn., of N. H., * Wentworth-by-the-Sea, Portsmouth, N. H. |
| June | 8-9 | Washington, Olympic Hotel, Seattle |

* Joint meeting

| | | |
|-------|-------|------------------------------------------------------------------------------------------------|
| June | 10-12 | Idaho, The Lodge, Sun Valley |
| June | 11-13 | Minnesota, Nicollet Hotel, Minneapolis |
| June | 13-15 | New York, Essex & Sussex, and Monmouth Hotels, Spring Lake, N. J. |
| June | 14-16 | Wyoming, Jackson Lake Lodge, Moran |
| June | 15-16 | Vermont, Equinox House, Manchester |
| June | 17-19 | Oregon, Pilot Butte Inn, Bend |
| June | 18-19 | Utah, Jackson Lake Lodge, Moran, Wyo. |
| June | 18-20 | Wisconsin, Schroeder Hotel, Milwaukee |
| June | 21-23 | Montana, Many Glacier Hotel, Glacier National Park |
| June | 21-23 | Virginia, The Homestead, Hot Springs |
| June | 21-24 | Michigan, Grand Hotel, Mackinac Island |
| June | 22-23 | New Jersey Mutual Savings, Monmouth Hotel, Spring Lake |
| June | 22-24 | Maine, Poland Spring House, Poland Spring |
| July | 13-17 | Central States Conf., Colorado Hotel, Glenwood Springs, Colo. |
| July | 19-21 | West Virginia, The Greenbrier Hotel, White Sulphur Springs |
| Aug. | 19-24 | PBA Summer School, Penna. State Univ., University, Pa. |
| Sept. | 4-8 | Tennessee Bankers Conf. Univ. of Tenn., Knoxville |
| Sept. | 10-13 | Vermont-N. H. School of Banking, Univ. of Vt., Burlington |
| Sept. | 20-22 | Savings Banks Association of Maine, Wentworth-by-the-Sea, Portsmouth, N. H. |
| Sept. | 20-22 | Savings Banks Association of Massachusetts, Mount Washington Hotel, Bretton Woods, N. H. |
| Sept. | 21-22 | Savings Banks Association of New Hampshire, Fall Meeting, Sunset Hill House, Sugar Hill, N. H. |
| Oct. | 5-6 | Connecticut-Mutual Savings, Wentworth-by-the-Sea, Portsmouth, N. H. |
| Oct. | 11-12 | Nebraska, Fontenelle Hotel, Omaha |
| Oct. | 12-13 | New Hampshire, Fall Meeting, Mountain View House, Whitefield |
| Oct. | 28-31 | Iowa, Fort Des Moines, Des Moines |
| Nov. | 6-8 | Savings Banks Association of New York, The Greenbrier, White Sulphur Springs, W. Va. |

Other Organizations

| | | |
|-------|-------|-----------------------------------------------------------------------------------------------|
| Mar. | 25-28 | Reserve City Bankers Assn., Boca Raton Club, Fla. |
| Mar. | 26-28 | Independent Bankers Assn., Jung Hotel, New Orleans, La. |
| Apr. | 5-6 | Pacific Northwest Conference on Banking, State College of Washington, Pullman, Wash. |
| May | 6-9 | Natl. Assn. of Mutual Svgs. Banks, Shoreham Hotel, Washington, D. C. |
| May | 17-19 | American Safe Deposit Assn., Statler Hotel, Hartford, Conn. |
| June | 3-16 | School of Banking of the South, La. State Univ., Baton Rouge |
| July | 16-28 | School of Financial Public Relations, Chicago Campus, Northwestern Univ. |
| Aug. | 5-17 | School of Consumer Banking, Univ. of Va., Charlottesville |
| Aug. | 19- | School of Banking, Univ. of Wisconsin, Madison |
| Sept. | 1 | |
| Sept. | 4-7 | Vt.-New Hamp. School of Banking, Univ. of Vt., Burlington |
| Sept. | 17-20 | National Association of Bank Auditors and Comptrollers, The Shoreham Hotel, Washington, D. C. |
| Sept. | 17-21 | National Association of Bank Women, Minneapolis |
| Oct. | 7-11 | Financial Public Relations Association, Dallas, Texas. |

Consumer Credit

(CONTINUED FROM PAGE 58)

Aubrey G. Lanston & Co., in an address before an investment group in Hartford, Connecticut, recently opposed any special controls on the part of the Federal Reserve System. Mr. Lanston said:

"If the workings of credit and monetary policy leave something to be desired, then, instead of being trapped into buying the selective control approach once again, perhaps there are ways of releasing certain of our financial institutions and certain of their activities from antiquated, outmoded limitations to the end that the effective scope of general credit controls can be increased; and the workings of our financial institutions generally made more responsible to such general credit controls."

Among commercial bankers, Thomas C. Boushall, president of The Bank of Virginia, Richmond, has always been listened to with respect when he discusses consumer instalment credit. Mr. Boushall, in a recent address before the National Credit Conference of the American Bankers Association in Chicago, said:

"Presently, outstanding consumer credit is not actually excessive. This is true whether instalment credit of \$26.7-billion or all consumer credit totaling \$34.3-billion is included. Based on the history of the easily supportable ratio of instalment credit to personal income, ranging from 8% to 11%, we are well under tolerable limits, well under even comfortable limits. We can let this ratio rise. We know that, based on all the estimates for 1956, the personal income of the people will rise. Hence, both the ratio of consumer instalment credit and the total of such credit can rise because the total personal income will rise."

However, Mr. Boushall warned credit men against relaxation of terms, particularly in financing of high-cost passenger automobiles. He said:

Another banker with a different point of view urges the Federal Reserve System to "refrain from restricting credit any further." He is Roy L. Reiersen, vice-president of the Bankers Trust Company, New York City, another speaker at the

A.B.A. National Credit Conference, who observed:

"It is not altogether disconcerting to perceive signs that demands in some sectors of the economy are beginning to subside. . . .

"The credit picture lacks any real signs of near-term trouble. The record shows that delinquencies on instalment credit continue very low despite the rapid growth in loan volume and the relaxation of terms; experience with real estate mortgages also remains favorable. In all, it is difficult to detect evidence of that vulnerability of credit which usually appears at the crest of an economic boom."

The Danger of Untimely Restraint

Theodore H. Silbert, president of the Standard Factors Corporation, supports the bankers' point of view. Recently before the Los Angeles Finance Association, he asserted:

"Consumer credit is not overextended anywhere, and I plan to give you the facts so that you can judge for yourself. I think Washington has been unduly alarmist; and, while I am a conservative, I see no point in ringing the fire alarm when there is not even a trace of smoke."

"Unwise and untimely restraint of consumer credit is a dangerous procedure. Its effect may well be to dampen industrial production, curtail employment and sales."

"Spending for automobiles is still thought to be primarily dependent on changes in income, but there is somewhat less emphasis placed on this relationship today. One reason for this is that the automobile industry itself has a good deal of influence over fluctuations in income."

"All the indications are that consumer credit is being handled on a very conservative basis today—both by the finance industry and by consumers. The endeavors of officials to restrain the legitimate uses of consumer credit will undoubtedly affect the industries of the nation."

That the high debt level is of concern to conservative bankers is indicated by reviewing several annual reports from representative banks. In the main, the banks have supported the general restraint policies of the Federal Reserve System. For example, The Hibernia National Bank in New Orleans, La., recently told its stockholders:

"The total of public and private

debt has risen to an all-time high and appears to be supported by a confidence and enthusiasm which rests on such philosophies as these: that we are living in the Golden Fifties or that 'they' won't let anything untoward happen—which is to say that this is another era, or that the United States Government is committed to the underwriting of prosperity."

"It should be clear to all that, in large measure, the booming prosperity we are enjoying has been supported by easy credit on easy terms which the Federal Reserve System has sought to control by devices available to it. . . .

"Proper respect for debt cannot be expressed by a formula—it is observed by thinking people who are willing to forego something today for a more secure tomorrow."

C. F. Ilsley, chairman of the board of the highly regarded Marshall & Ilsley Bank of Milwaukee, Wisconsin, endorses the restraint program of the Federal Reserve System in a 1955 report to stockholders:

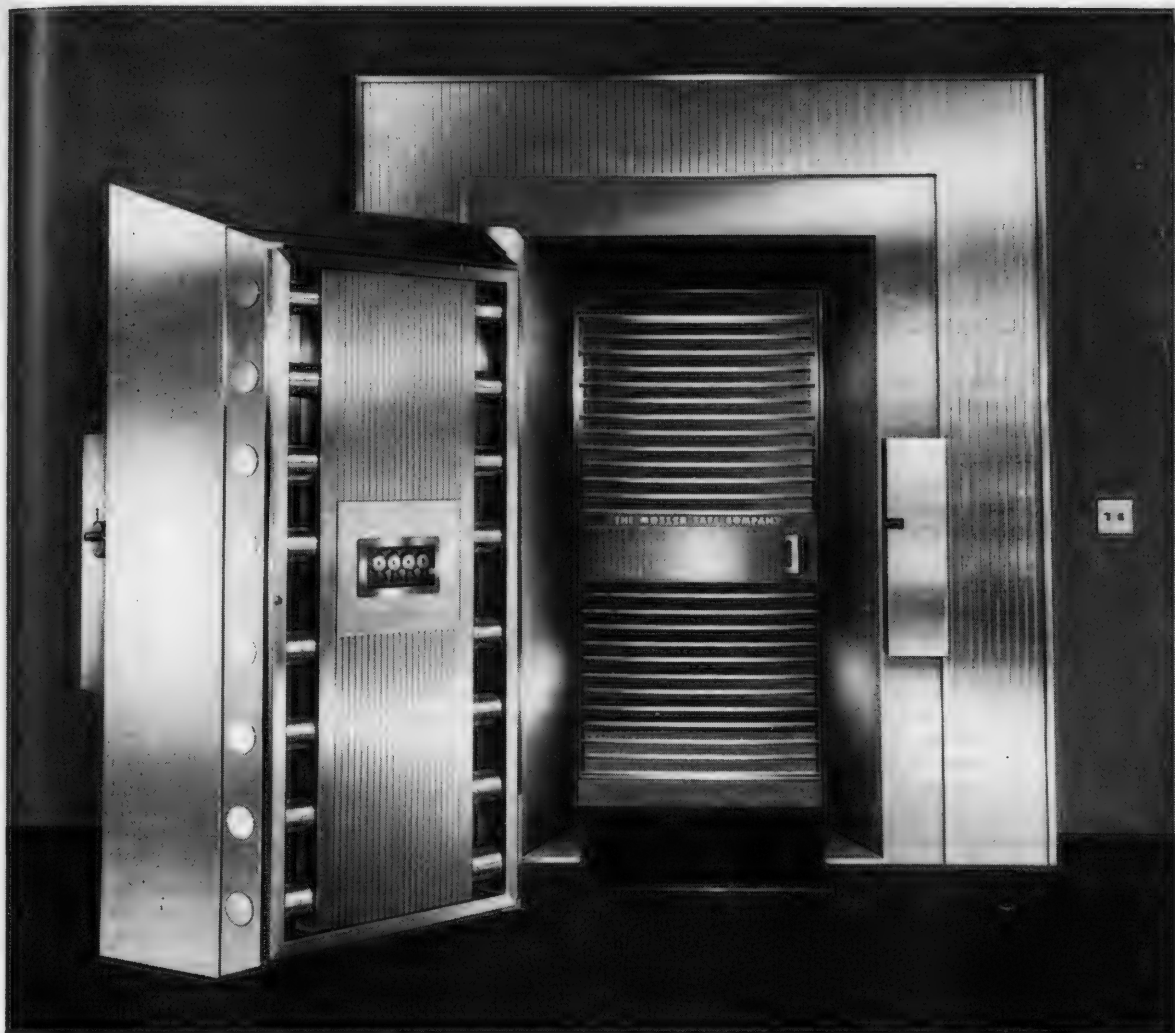
"The management of the bank is in accord with the efforts of the Federal Reserve Board to control inflationary tendencies and feels that a wise policy is being followed in attempting to prevent unsound extension of credit."

The question of credit curb legislation is being debated in the financial pages of the press, with almost daily reports on various phases and points of view. Sylvia Porter, a widely syndicated columnist, predicts that:

"Distasteful though you may find the thought, one of the probabilities is that a bill, or bills, to revive Government control over instalment buying and, this time, to make the control permanent, will be introduced into Congress soon. A sponsor of at least one bill well may be Senator Paul Douglas."

Washington Report, published weekly by the Chamber of Commerce of the United States, in an editorial titled "Specific Controls Breed Lawlessness; Let's Make the General Credit Restraints Work," stated:

"Proposed standby controls on consumer credit are becoming an important Congressional issue. Unfortunately, they're still the same old controls which snarled up both the economy and dispositions in World War II and the Korean War."



Sometimes the most important decisions are the easiest to make

If you held a meeting tomorrow, to discuss the matter of a new bank vault door for a new banking office, chances are it would be one of the quickest ever held around your conference table.

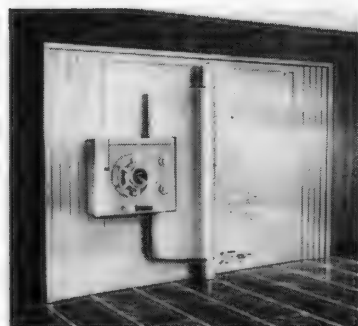
For since September, 1954, when Mosler introduced an entirely new concept in vault door design, you've seen the Mosler Century Vault Door become the virtual "symbol" of the modern banking office.

You've seen other leading banks throughout the nation choose it almost instinctively. You've seen how their architects have found it completely adaptable to individual ideas and any variety of dis-

tinctive magnificent architrave treatments.

There is something else, of course, that helps make it even easier to decide on the Mosler Century Vault Door.

And that is your familiarity, and that of all your officers and directors, with the name *Mosler* and its position in the field of protective equipment for over 100 years. Why not have your secretary write or wire, today, for the new catalog which shows the new Mosler Century Vault Door in full color with a number of most interesting architrave suggestions? The Mosler Safe Company, Dept. B-3, 320 Fifth Avenue, New York 1, N.Y.



Only the Mosler Century Vault Door combines a look of startling modern magnificence with a look of traditional security and strength so impressive to customers.

IF IT'S MOSLER... IT'S SAFE

The Mosler Safe Company
Since 1848

World's largest builders of safes and bank vaults

Trust Future Bright

THE 37th Mid-Winter Trust Conference was a big conference in point of attendance—more than 2,000 registered; and a big and information-packed conference, with 44 persons appearing before it.

As the meeting opened on Monday morning, February 6, registrations totaled 2,005. By Tuesday morning, the figure was revised upward to 2,050. The final tally showed 2,076.

The conference registered a new high not only in attendance, but in number of individuals with something to present. All of these speakers contributed something of value. Many of them dealt with subjects or aspects which hardly lend themselves to abridgment or to brief quotation. Hence all cannot be dealt with here. However, the majority of the speeches will appear in full text in *The Trust Bulletin* for the benefit of those unable to attend or for those wishing to make a more detailed study.

Richard P. Chapman, president of the A.B.A. Trust Division and of the Merchants National Bank of Boston, declared that few businesses have such assurance of future opportunities to serve and to enjoy solid growth as does the trust busi-

ness. He considers it "healthy" that there exists competition in the field of managing property for others. The future of the trust business, Mr. Chapman feels, rests upon success in providing and training high-calibre personnel and upon effective executive-development programs.

"We have," Mr. Chapman predicted, "a prospect for further growth in our business that leaves nothing reasonable to be desired. We are doing many excellent things to improve our current performance. We are developing new services and sound new approaches to estate problems. The record we are writing is an excellent one, and merits the public support we are receiving. What of the future? Most of you here today will live to see our business increase manyfold, certainly to a volume of the order of \$200- to \$300-billion. . . .

"We must upgrade and modernize every one of our personnel practices from start to finish," Mr. Chapman concluded, "to the end that we too can attract a sufficient supply of good younger people to supply the nucleus for the well-trained, forward-looking, hard-hitting staff that the trust business of the future will require."

Needed: Sound Philosophy

LOUIS S. HEADLEY, former president, A.B.A. Trust Division, St. Paul, Minn.

THE need for sound philosophy as a part of a trustman's equipment is increasingly apparent. Trustmen are being consulted, more and more, about plans for family security; what type of man is competent to advise on issues such as these? In the management of funds, the rule of prudence is rapidly gaining ascendancy; whence comes this prudence upon which the well-being of dear ones so largely depends? Greater reliance is being placed upon the discretion of trustees, both in personal and financial affairs. Whose wisdom is worthy of such confidence? Judge Hennings, long ago, called a corporate trustee 'the greatest father in the world.' Who shall man that honored post? The world will not turn to men of small calibre in matters such as these. Much is expected, and much must be provided. Only broad philosophy will suffice.

Hold Investment Stocks

SHERWIN C. BADGER, financial vice-president, New England Mutual Life Insurance Company, Boston.

IT seems to me that institutions such as yours and mine which already have a substantial position in investment-type common stocks should think twice before reducing our holdings merely in order to take advantage of possibly adverse but temporary developments in stock prices. Maybe the good stocks which we own are nearer to museum pieces than we realize. . . .

It seems entirely possible that a new impetus to stock holdings by financial institutions will be given before too long by that new and controversial financial instrument known as the variable annuity. Without getting into the discussion of whether life insurance companies should sell variable annuities or

At Tuesday morning's session, left to right: Henry D. M. Sherrerd, Fred F. Florence, and C. Rodgers Burgin



some adaptation of the idea, I feel as certain as I can be of anything that variable annuities are going to be sold by some one besides the two companies now offering these contracts. If so, there will be a greatly increased demand for high-grade investment-type common stocks.

Review; Review; Review

J. REGIS WALTHOUR, vice-president and trust officer, First National Bank in Greensburg, Pa.

THE adequacy and success of investment procedure are found in the frequency with which trust investments in each estate are reviewed. The very heart of the system is the monthly review of uninvested cash. . . .

Investment procedures are but the means to an end. The purpose of all of our planning is to have investment programs which will provide for the preservation of the principal of the trust estate and the amount and regularity of the income to be derived. In our dynamic economy, we believe that these objectives are best attained by the diversifica-



Left to right. Speakers W. Gibbs McKenney, James M. Trenary, R. McAllister Lloyd, E. Smythe Gambrell, and Chairman Walter Kennedy

tion of the assets in our trust estates, but the responsibilities of trustees are greatly increased by the volume of securities which must be supervised.

Trend up in Trust Fees

C. RODGERS BURGIN, president, the New England Trust Company, Boston.

TAKING everything into consideration, it would seem that although the trend in fee levels has been upward over the past 7 years, there are still many banks that are being inadequately compensated for the trust department service which they are rendering and the responsibility

which they are assuming. For these banks I would think that the trend in fees over the next few years must inevitably be upward. Certainly for all of us, much depends on the course of the purchasing power of the dollar. If we can continue to have a government which is capable of keeping that rebellious little sinner within bounds, our fee problems should not be serious. But if he is allowed to get away from us again, then we had better prepare ourselves to resume the chase.

Of two things, however, I am perfectly convinced. One is the need of our American public for efficient and first-class trust service, and the other is their willingness to pay fair and adequate fees to the trust institutions which can provide that service.

Renegotiating Fee Rates

HENRY D. M. SHERRERD, vice-president, Fidelity Philadelphia Trust Company.

THE officer charged with renegotiating old contract fee rates should remember at all times that he is working for the stockholders and not solely for the trust department; and hence, before he moves a step in the direction of the beneficiaries, he should make a complete study of the entire situation in the particular trust which he has before him, not only as regards the trust department, but as the other departments of the company may be affected.

. . . Any discussion on the question of rates inevitably brings up the current fee schedule of your company; and even if you cannot get an old contract rate up to the level of your new fee schedule, you can usually put the account on a self-sustaining basis so that it can be operated without loss. At the same time you accomplish this, you reeducate your customers a little. Hence, when they want to discuss rates for a new will or for some

A Few Highlights

Few businesses have assurance of future opportunities to serve and to enjoy solid growth as does the trust business.

It is healthy that there is competition in the field of managing property for others.

The future of the trust business rests upon success in providing and training high-calibre personnel and upon an effective executive-development program.

The variable annuity is a most important subject because fixed retirement incomes presently do not take into consideration possible deterioration or fluctuations in the purchasing power of the dollar.

A "new dimension" has been added to the nation's saving program that causes wage earners—and especially former wage earners—to suffer loss if the general price level rises.

Trust institutions which already have a substantial position in investment-type common stocks should think twice before reducing holdings merely in order to take advantage of possibly adverse but temporary developments in stock prices.

There is a tremendous potential for a volume market.

Because of the wealth that is concentrated in business interests, the settlement of a businessman's estate and the administration of a trust under his will can offer an attractive source of business for trust institutions.

The trend of compensation for trust service has been upward. It must be—not alone for the protection of the bank, but for the protection of the beneficiary. Quality cannot be maintained without adequate compensation.

other business, they will not be entirely surprised.

Cycles Still with Us

FRED F. FLORENCE, president of the A.B.A. and of the Republic National Bank of Dallas.

WE must never permit ourselves the luxury of assuming that the economic frailty called the business cycle has been cured once and for all. We have made much commendable progress in the direction of stability, it is true; but let us never forget that economic activity depends primarily on human behavior—a highly unpredictable thing. This is not a cynical observation. It is a fact to be dealt with. Nor need it be regarded as an expression of lack of confidence or courage, for the evidence all around us says that the business cycle, perhaps of a different character than prevailed years ago, is still with us.

... It should never be expected that monetary policy will insure perfect stability of our economy, but its flexible application is essential for the prevention of broad and drastic waves of activity in the direction of both inflation and deflation.

It is gratifying that bankers have given full support to flexible monetary policy in this new environment. They have recognized that a sound flow of money and credit is vital to economic stability and growth; and they must continue to do so in the years ahead, even at times when the course of action may not appear to be in their own particular interests in the short run.

New York's Fiduciary Fund

CHARLES W. BUEK, president of the Bank Fiduciary Fund, and vice-president, United States Trust Company of New York.

BANK Fiduciary Fund may be described as an open-end mutual fund, sponsored by the Trust Division of the New York State Bankers Association, and incorporated by authority of a special act of the state legislature. Its shares may be held only by banks in the state of New York serving in the capacity of executor, trustee, guardian, or committee. The statute makes these shares a proper investment for bank fiduciaries. It also limits the portfolio to legal investments, and in New York that means that common stocks may not exceed 35%. . . .



Typical of the panel sessions is this one featuring "Smaller Trust Departments"

In one respect, the growth of Bank Fiduciary Fund has been very impressive. In New York State, a larger number of banks invested in the Fund in the first six months than had invested in common trust funds in 15 years. We are not talking about the amount of money involved, which, up to the moment, is small. But when it comes to usefulness and availability to a large number of trust departments, Bank Fiduciary Fund will far outstrip the common trust fund.

Oil Industry Investment

FREDERICK W. ATHERTON, manager, oil department, Loomis, Sayles & Company, Boston.

THE oil industry really embodies and provides most of the things that investors are looking for. It provides most of the investment characteristics that we need in our investment portfolios—financial strength, good management, high asset value, good earnings, assured dividend return, inflation protection, and appreciation possibilities.

... In the years ahead—in good times and particularly in bad times—the oil industry will present us with a great range of investment opportunities. A recognition of this on my part and on your part—a constant search for those opportunities and an intelligent use of them in our portfolios—can be very rewarding to the clients of my firm and to your trust beneficiaries.

Mass Market for Trusts

JAMES M. TRENARY, chairman, Committee on Trust Policies, A.B.A. Trust Division, and executive vice-president, United States Trust Company of New York.

THERE is a tremendous potential for a "volume market" in the trust field.

We are already in the small and modest fiduciary business right up to our ears.

We must simplify and improve

our procedures in every possible way and adjust our fees to produce a fair margin of profit in this business.

We must educate the public through every medium to show clearly what we have to offer.

Then and only then will we build up the volume that will permit full realization of the great potential in "mass market for trust services."

Variable Annuity Explained

R. McALLISTER LLOYD, president, Teachers Insurance & Annuity Association of America, and College Retirement Equities Fund, New York.

The variable annuity is a phrase coined to describe a new type of contract. This annuity, unlike the traditional type that provides a fixed dollar amount, pays dollar amounts which may vary from year to year. The changes in amount may be measured in one way or another.

There has developed a good deal of debate in life insurance, bank, and investment circles about this new device. The comments often indicate that a clearer understanding is needed of how a variable annuity system works. Trustmen, because of their unique position in the financial world as advisers to individuals, corporations, and the general public, should be familiar with the basic concepts of the variable annuity. It should be emphasized that the basic plan is simple; that an annuity which is a monthly or annual payment based on a life contingency can be computed, using customary actuarial methods, either in dollars or in shares of an investment pool. . . .

It is obvious that while there are many advantages to a fixed dollar annuity payment, a supplemental annuity which gives the participant an opportunity for greater diversification in investments and a chance

(CONTINUED ON PAGE 118)

Annual Statements

★ THE HOME ★ Insurance Company

FIRE • AUTOMOBILE • MARINE

and THE HOME INDEMNITY COMPANY

Balance sheet of THE HOME INSURANCE COMPANY December 31, 1955

ADMITTED ASSETS

| | |
|------------------------------------------------------------------------------|-------------------------|
| United States Government Bonds | \$ 77,637,142.13 |
| Other Bonds | 95,075,024.26 |
| Preferred and Common Stocks | 219,808,155.25 |
| Cash in Office, Banks and Trust Companies | 32,579,563.90 |
| Investment in The Home Indemnity Company | 22,550,779.00 |
| Real Estate | 7,042,990.73 |
| Agents' Balances or Uncollected Premiums, less than 90 days due | 22,943,969.87 |
| Other Admitted Assets | 5,500,063.26 |
| Total Admitted Assets | <u>\$483,137,688.40</u> |

LIABILITIES

| | |
|------------------------------------------|-------------------------|
| Reserve for Unearned Premiums | \$181,118,526.00 |
| Unpaid Losses and Loss Expenses | 36,490,541.96 |
| Taxes Payable | 7,400,000.00 |
| Reserves for Reinsurance | 2,153,366.39 |
| Dividends Declared | 2,000,000.00 |
| Other Liabilities | 4,123,304.12 |
| Total Liabilities | <u>\$233,285,738.47</u> |
| Capital | 20,000,000.00 |
| Surplus | 229,851,949.93 |
| Surplus as Regards Policyholders | <u>\$249,851,949.93</u> |
| Total | <u>\$483,137,688.40</u> |

NOTE: Bonds carried at \$5,788,372.30 amortized value and cash \$86,100.00 in the above balance sheet are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners.

Balance sheet of THE HOME INDEMNITY COMPANY December 31, 1955

ADMITTED ASSETS

| | |
|------------------------------------------------------------------------------|-------------------------|
| United States Government Bonds | \$ 22,888,457.99 |
| Other Bonds | 20,960,652.10 |
| Preferred and Common Stocks | 12,669,197.25 |
| Cash in Office, Banks and Trust Companies | 1,943,795.59 |
| Agents' Balances or Uncollected Premiums, less than 90 days due | 4,995,297.14 |
| Other Admitted Assets | 1,139,558.43 |
| Total Admitted Assets | <u>\$ 64,596,958.50</u> |

LIABILITIES

| | |
|------------------------------------------|-------------------------|
| Reserve for Unearned Premiums | \$ 18,670,374.00 |
| Unpaid Losses and Loss Expenses | 22,127,368.00 |
| Taxes Payable | 804,000.00 |
| Reserves for Reinsurance | 135,636.00 |
| Other Liabilities | 301,510.47 |
| Total Liabilities | <u>\$ 42,038,888.47</u> |
| Capital | 1,500,000.00 |
| Surplus | 21,058,070.03 |
| Surplus as Regards Policyholders | <u>\$ 22,558,070.03</u> |
| Total | <u>\$ 64,596,958.50</u> |

NOTE: Bonds carried at \$1,095,000.00 amortized value in the above balance sheet are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners.

HAROLD V. SMITH, Chairman of the Board

KENNETH E. BLACK, President

DIRECTORS OF THE HOME INSURANCE COMPANY

LEWIS I. CLARKE
Banker

HAROLD V. SMITH
Chairman of the Board

FREDERICK B. ADAMS
New York City

ROBERT W. DOWLING
President,
City Investing Co.

GEORGE GUND
President,
The Cleveland Trust Co.

HAROLD H. HELM
Chairman of the Board,
Chemical Corn Exchange
Bank

CHARLES A. LOUGHIN
Vice President &
General Counsel

IVAN ESCOTT
Montclair, N. J.

PERCY C. MADEIRA, JR.
Chairman of
Executive Committee,
Tradesmen's Bank & Trust Co.

CHAMPION McDOWELL DAVIS
President,
Atlantic Coast Line
Railroad Co.

WARREN S. JOHNSON
Director,
Wachovia Bank &
Trust Company
Wilmington, N. C.

HENRY C. BRUNIE
President,
Empire Trust Co.

HARDIN K. PARK
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The First National
Bank of
Columbus, Georgia

BOYKIN C. WRIGHT
Shearman & Sterling
& Wright

LEROY A. LINCOLN
Chairman of the Board,
Metropolitan Life
Insurance Company

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HENRY C. VON ELM
Honorary Chairman
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Manufacturers Trust Co.

JOHN M. FRANKLIN
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Vice President & Secretary

J. EDWARD MEYER
President,
Cord Meyer Development
Company

ARTHUR C. BABSON
Vice President,
Babson's Reports, Inc.

ROBERT G. GOELLET
Real Estate

HOME OFFICES: 59 MAIDEN LANE, NEW YORK 8, N. Y.

Trust Conference

(CONTINUED FROM PAGE 116)

to benefit from increases in equity values also has advantages. This is especially true in periods of declining purchasing power of the dollar. Any service which is so needed will undoubtedly be supplied by ingenuity and effort. . . . Yet of course the basic purpose will remain the same—playing a part in providing a more satisfactory form of life annuity in an economy which will undoubtedly experience in the future as it has in the past wide fluctuations in the cost of living.

Leadership an Obligation

E. SMYTHE GAMBRELL, president, the American Bar Association.

FROM among our ranks, from the professions of the trustmen and the lawyer, may come the statesmen of the hour. Our calling, as advisers to the public, well fits us for the task. The obligations of leadership which our qualifications impose upon us must be discharged in our private pursuits as well as when we assume public office. We must be ready to be heard and to serve when the interests of ordered freedom demand, no matter how distasteful we find the controversial arena of public service. The positions of power and responsibility we occupy in our professional lives must be justified to the public, not in words but in works. We must put aside the temptation to seek favored treatment at the hands of Government, recognizing that governmental favor is often the opening wedge for governmental intervention. The principles of individual responsibility must be vin-



Closing session, luncheon with New York Clearing House Association as host. At the microphone, Thoburn Mills, vice-president, the Trust Division, and vice-president and trust officer, National City Bank of Cleveland. S. Sloan Colt greeted guests as president of Clearing House Association. The speaker was C. Canby Balderston, vice-chairman, Board of Governors, Federal Reserve System

dicated by tireless and devoted concern for the interests of the public at large in the exercise of that responsibility. Through principled statesmanship, we may yet regain the initiative, and preserve the fundamental faith in the dignity of man.

Business in Trusts

W. GIBBS MCKENNEY, Attorney at Law, Baltimore.

BECAUSE of the wealth that is concentrated in business interests, the settlement of a businessman's estate and the administration of a trust under his will offer an attractive source of business to trust institutions. This fact has sparked interest among trust companies throughout the country, but it should be recognized that more is involved than in the ordinary estate. In bidding for this business, therefore, a trust institution should look to the costs involved and be prepared to do a thorough job in carrying out the added duties and responsibilities that it must necessarily assume. In practically every

instance, however, the trust officer's administrative load will be lightened and the bank's profits increased if the estate or trust is administered under a practical and carefully devised plan that was developed during the individual's life.

The "New Dimension"

C. CANBY BALDERSTON, vice-chairman, Board of Governors, Federal Reserve System.

THE mounting importance of pension, profit-sharing, and welfare funds means that labor has an increasing stake in protecting the purchasing power of workers' annuities and other benefits. Since these arrangements are contractual, a stable dollar is vital to protect pensioners and other beneficiaries. The millions who are covered by social insurance likewise are concerned as to how much their payments will buy when they are old enough to receive them. In short, a new dimension has been added to the nation's saving program that causes wage earners, and especially former wage earners, to suffer loss if the general price level rises.

Louis S. Headley



James M. Trenary



C. Canby Balderston





MOST RECENT ADDITION at this bank—nine National Teller Machines that provide faster service for the bank and its customers.



THE GLENVILLE NATIONAL BANK has had 10 years' profitable experience with the time- and money-saving advantages of National Machines.

“Our Complete *National* System pays for itself every 3 years... returns 33% annually on our investment!”

—Glenville National Bank of Scotia, Scotia, N. Y.



MR. K. M. LINDSAY
Vice President
and Cashier.

“For over ten years,” writes Mr. Lindsay, “we have been using National Bookkeeping, Savings and Proof Machines. We now have a complete National System.

“Our most recent addition has been nine National Bank Teller Machines. They provide machine-printed receipts with deposit validations, instead of the hand-written passbook entries

necessary under our former method. Adding machines built into these Nationals are another advantage.

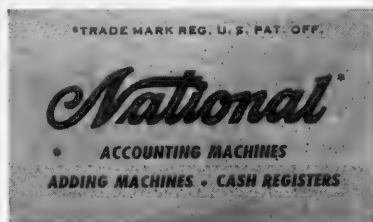
“Each teller's work is faster, our cash is balanced quickly and accurately, and most important to our depositors, window service has been speeded up considerably.

“Our experience with Nationals again supports our opinion that they are a sound investment for any bank. Our National System pays for itself every 3 years and returns 33% annually on our investment!”

Find out how Nationals soon pay for themselves out of money they save, then continue these savings as extra profit. Call your nearby National representative, a trained systems analyst. He will gladly show you how much Nationals can save *your* bank. His number is in the yellow pages of your phone book.

THE NATIONAL CASH REGISTER COMPANY, Dayton 9, Ohio

986 OFFICES IN 94 COUNTRIES



Seek Savings and Make Sound Mortgages

Ideas and Suggestions from the A.B.A.'s Regional Savings and Mortgage Conference

ANY time 449 bankers from 14 Midwestern states get together to talk about the savings and mortgage function of banking something really important is happening. Such was the case when the Regional Savings and Mortgage Conference was held in Kansas City. Everywhere—in the sessions, in corridors, in dining rooms—it was enthusiastically endorsed.

The Savings and Mortgage Division of the American Bankers Association was the sponsor.

The consensus was that there is need for constant and aggressive development of savings deposits to round out the complete services offered by banks to their communities and to meet the burgeoning competition of savings and loan associations for thrift accounts.

Speakers emphasized the value of sound mortgage credit as a natural constituent of savings banking. There was pointed emphasis on the value of mortgage loans as a high income producer to enable banks to pay a competitive rate of interest on thrift deposits. In urging active participation in the mortgage lending field, speakers consistently entreated the banker delegates to safeguard the bank mortgage investment portfolio by adhering to mortgage lending and credit practices that will stand the test of time.

Countless ideas and suggestions were presented by the speakers, not nearly all of which can be included in this report. Elsewhere in this issue—on page 56 to be exact—may be found remarks by F. A. Amundson, vice-president, Midway National Bank of St. Paul, on meeting savings and loan competition. Also turn to pages 78, 107, and 109.

Interest Rates

J. R. DUNKERLEY, deputy manager of the American Bankers Association in charge of the Savings and Mortgage Division.

NOT since the 1920s has the competition for savings been so keen.



Just a few of the 449 bankers attending the conference

There is danger that we may make the same mistake we made in the 1920s, by unduly increasing rates of interest or dividends on savings as a means of meeting competition. So much attention is being given to rate that institutions accepting savings, and many savers, are overlooking other factors which are also important. To see rate in its proper perspective, it is necessary to study the entire savings operation. If each bank will do that, the ability of commercial banks to compete in the savings business is clear.

First of all, commercial banks have some advantages over competing institutions which to some extent offset the differential in rate. Secondly, the A.B.A. is endeavoring to get a fairer tax deal for commercial banks. Thirdly, by a more realistic investment of savings funds, many commercial banks could soundly increase their earnings on savings deposits which, combined with a better tax situation, would make possible a higher rate of interest to depositors.

Here I wish to enumerate all the factors which a bank should consider in the determination of its interest policy. These are the principal questions:

(1) Do you want the type of money which usually goes into savings accounts, or do you also want investment money?

(2) What is the present earning rate of the bank?

(3) What are the costs of handling savings deposits and withdrawals?

(4) How much of the earnings should go to reserves and capital funds?

(5) What is a fair rate of return to stockholders?

(6) Knowing your earning rate, your costs of operation, the percentage to go to reserves, and your idea of a fair profit, should you pay the rest to the saver, or

(a) Should you pay the least necessary to hold present deposits?

(b) Should you pay whatever is necessary to meet the rates of your competitors, even though you lose on the savings operation, knowing that your over-all operations will be profitable?

(c) Should you choose an appropriate rate fair to depositor and bank, determined after a thorough consideration of all factors?

Savings Habit Changes

EARLE A. WELCH, president, Savings and Mortgage Division, American Bankers Association; treasurer, Meredith Village (N.H.) Savings Bank.

WHILE, as we have seen, the volume of savings continues at a very high rate, people are actually not saving as large a proportion of their income as they once did—at least,

in the form of deposits in banks. As a matter of fact, it becomes increasingly apparent that the business boom which we have been experiencing for some years has been sparked by more spending and less saving!

This change of habit is one that we should examine very closely. If it continues its present course, it will have a very pronounced downward effect on the bank's business of being a depository for savings habits with respect to savings.

The need to save money as a safeguard in case of illness or accident is lessened, as payments are diverted from income into premium payments for health, accident, and liability insurance. Add to this the protection of Government unemployment insurance, social security benefits, and life insurance contracts, and we find still further diversion of income away from savings in the form of deposit accounts. They all combine to minimize the importance to the individual of cash saving. They encourage a dependence on outside sources for personal security, rather than on stored-up earnings.

How to Sell Savings

DANIEL W. HOGAN, JR., vice-president, Savings and Mortgage Division, A.B.A.; president, City National Bank and Trust Co., Oklahoma City, Okla.

Ask yourself this question: "Where would my community be today without a bank?" It's high time to get this proud point over to your public! It's time to toot your own horn!

Your problem is to sell your bank as a "package"—savings and all—to Johnny Q. Public. But before you can get under his skin, you'll have to invite him to come in and open a savings account; and make your invitation stick.

According to an Aesop fable, "A crow was dying of thirst and could find no brook or pond. At last he came to a hut and, outside, the pitcher of water. But when he tried to drink the water, he couldn't reach down far enough. Then he tried to break the pitcher, but he wasn't strong enough. Finally, he picked up small stones, one by one, and dropped them into the pitcher. At last, the water rose high enough for him to reach, and he was able to quench his thirst."

The moral? "Necessity is the mother of invention."

Here's our cue! We've got to use our wits just like the crow if we're

going to meet savings and loan competition with its greater return, its huge advertising budget, and its successful down-to-earth promotion. But meet it we must, lest we find ourselves, someday, confronted by a third banking system.

Effect of Income Tax on Savings

GAYLORD A. FREEMAN, JR., vice-president of The First National Bank of Chicago, Ill.

MR. FREEMAN ascribed the higher dividend rates paid by savings and loan associations to the fact that these associations "invest virtually every dollar of their funds in long-term, high-rate loans.

"Banks do not invest nearly as much in mortgages," he said, "because they are not sufficiently liquid to give the degree of safety that they feel banks should offer to the public." On top of that, he pointed out, "Congress has forbidden national banks and state-chartered member banks of the Federal Reserve System to invest more than their capital and surplus, or 60% of time deposits, in such mortgages. Congress wants the banks to be liquid so that the savers' funds will be safe and available.

"While some of the difference is due to inequitable tax treatment," he noted, "it is the difference in investment policy rather than the difference in tax treatment that accounts for the difference in ability to pay. Even if we were taxed alike, the earnings of the savings and loan associations per million dollars of share accounts or deposits would be

more than twice the amount of the banks," he added. "It is the difference in investment policy rather than the difference in tax treatment which accounts for the great difference in earnings."

Discussing the actual difference in Federal income tax treatment of commercial banks and savings and loan associations, Mr. Freeman said, "The savings and loan associations are now subject to the Federal income tax—the same tax and the same tax law that the commercial banks are subject to, but with one great difference. The loan associations are allowed to deduct a much larger amount from taxable income and add to reserves for bad debts.

"It is this single difference, the amount which can be deducted from taxable income and added to reserves for bad debts, that distinguishes the tax treatment accorded savings and loan associations from that accorded the commercial banks.

"Totally aside from the question of competition for the public's savings, it isn't fair to require us to pay such taxes when they escape," he added. "We are in effect bearing a part of their share of the tax burden. The law should be changed in order that these profit-making and profit-retaining corporations might pay their fair share of the great tax burden.

"But," he added, "the proper solution lies not in weakening them, but in obtaining the right to increase our own reserves and thus enabling us to increase our total capital funds and at the same time pay a larger return to the saver."

Fred F. Florence, president, American Bankers Association and president, Republic National Bank of Dallas, at lectern, was the principal speaker at the banquet which concluded the first day of the Savings and Mortgage conference. Seated, at right, David T. Beale, chairman, First National Bank, Kansas City, and general chairman of the conference; and Earle A. Welch, president, Savings and Mortgage Division, A.B.A., and treasurer, Meredith Village (N. H.) Savings Bank



Meeting Competition

JOHN B. MACK, JR., president of John B. Mack, Inc., Freeport, N. Y.

"BANKERS adhere to a strange but unfailling pattern in reacting to competition," Mr. Mack said. "I have observed this pattern unfold when competition was presented by the PCA's, then small loan companies, and later by small business agencies of the Government. Now we see it in relation to savings and loan associations, and next I suppose it will all happen again when the credit unions get a little stronger.

"This pattern that we seem so firmly committed to is made up of several phases. Our first reaction is that 'there ought to be a law.' In other words, let's legislate that competition out of existence. When this possibility fails to materialize, we say, 'they must be lying to the public; let's force them to tell the truth.' Then when our competitors appear reluctant to admit publicly that their service is inferior to ours, we say: 'Let's put on a national advertising campaign.'

"But along about this point—and it happens every time—an idea that always seems brand new spreads among the banks. This idea is that 'we need to do a better selling job in each individual bank.'

"This idea—and it's the right idea—prevails in the end, and the banks go on from there to lick their problem. It has always happened that way, and it's happening that way now. There's a conviction sweeping among the banks like wildfire that we need dynamic local action by each bank to meet the competition for savings."

Investing Savings Deposits

ROBERT W. STORER, vice-president, Manufacturers National Bank of Detroit, Mich.

The audience was taken behind the scenes by Mr. STORER to study the asset allocation problem of a hypothetical bank—the Bank of Jonesville. The speaker had prepared for advance distribution to the audience five documents; namely, (1) an outline of "Bank Investing for Today and Tomorrow"; (2) *Daily Statement of Condition (Exhibit A)*; *Asset Allocation Form (Exhibit B)*; *Time and Savings Deposits and Mortgages of All Commercial Banks (Exhibit C)*; and *Statement of Earnings for the Year 1954 (Ex-*



Farm mortgage luncheon speakers and guests. Left to right, Robert E. Lee Hill, executive manager, Missouri Bankers Association, Columbia; Carroll F. Burton, treasurer, MBA, and vice-president, First National Bank in St. Louis; Dr. Montgomery; Ramon A. Evans, president, Central National Bank, Carthage, and president, Missouri Bankers Association; President Welch; and James F. Mack, vice-president, City National Bank and Trust Co., Kansas City, and MBA vice-president

hibit D). Exhibits A, B, and C pertained to the Bank of Jonesville. He concluded his remarks on asset allocation by stating:

THE asset allocation analytic approach about which we have been speaking assumes that we will allocate longer term securities against slow-changing savings deposits and against capital funds. But underlying this is the further assumption that these longer bonds, say from 5 to 10 years, are desirable because they will return a higher investment yield and thus help our earning power, as compared with short and readily marketable bonds and the like.

In some recent weeks, little more than a quarter of 1% in yield has separated the return on Treasury discount bills and that on the 2½'s of August 15, 1963. No longer are we being adequately compensated for buying the intermediates in place of the very short paper. So, we have to ask ourselves, "Is there any investment problem? Wouldn't we be just about as well off holding nothing but bills and certificates due in less than a year?"

This question is fundamental to policy and deserves to be answered, if possible, on the basis of long-run policy considerations. My own answer—and it's not beyond dispute—is as follows:

(1) The prevailing very narrow yield spreads between short and intermediate-term Treasury obligations are the direct result of restrictive Federal Reserve monetary policy during the past year or a little longer.

(2) When the economic boom which made such credit policies necessary finally becomes a little less exuberant, which will inevitably happen, the policies will be relaxed or reversed.

(3) When that happens, the spreads between short and long investments will again widen. As recently as August 3, 1954, Treasury bills were quoted to yield a little better than ¾ of 1%, while the 2½'s of December 15, 1963-68 yielded 2.32% to their first call date in 1963, a spread of better than 1½%.

(4) Boom conditions, inflationary threats, and credit demands, all of such intensity as to call for Federal Reserve credit policies stringent enough to reduce almost to zero the spread in investment yields as between shorts and intermediates, are the exception, not the rule.

(5) Thus, while I don't look for such spreads to revert to the 1942-45 wartime pattern of ¾% on short bills to 2½% on long bonds, I do expect that spreads will normally be great enough to justify the philosophy of asset allocation. I expect that normally we will be paid enough for lengthening out maturities to justify our holding in Treasury 5-10 years a majority of our savings deposits not offset by cash and mortgages.

It is worthwhile to point out that one of the occupational hazards that turn bankers' hair white, or remove it entirely, is that a Government bond market as "level" in yields as at present is almost always a market depressed in price. Now, as you know, when the bond market rises in price, the longer maturities rise further and faster than the shorts. Hence, it is most worthwhile, in terms of future market appreciation, to lengthen out maturities just when it is impossible to demonstrate to your board of directors that you can improve yields by doing so!

(CONTINUED ON PAGE 124)

A LETTER TO THE PRESIDENT OF THE CHRYSLER CORPORATION

(with copies to all members of the American Bankers Association)



Herring-Hall-Marvin Safe Co.
HAMILTON, OHIO

WARREN MOSMAN
PRESIDENT

February 1, 1956

Mr. L. L. Colbert, President
Chrysler Corporation
Detroit 31, Michigan

Dear Mr. Colbert:

Several months ago, with the approval of your advertising services division, we published an advertisement likening the new, exclusive feature in Herring-Hall-Marvin Bank Vault Doors - push button control - to push button driving in the new Chrysler cars.

Comments, which have been numerous and uniformly favorable, are a strong indication of enthusiastic public acceptance of "The Forward Look" as applied to the engineering of Chrysler cars.

When it was first proposed that we do away with the traditional wheel which manually controlled the massive vault door and substitute completely-automatic, push button control, many said that it was fantastic -- that it couldn't be done. It has succeeded, however, beyond any doubt or question. Within the past two years, we have installed these doors in banks, large and small, throughout the U.S.A. and in foreign countries. Users are enthusiastic.

Push button driving in Chrysler cars -- push button control in Herring-Hall-Marvin Bank Vault Doors: these are dreams come true for motorists and for bank vault custodians. May those in your organization and ours who had the vision continue to look forward and lead the way!

Cordially yours

Warren Mosman
Warren Mosman
President

WM/m

(CONTINUED FROM PAGE 122)

In closing, I'd like to leave with you the thought that the asset allocation approach is a technique, not a formula. It can be applied flexibly, according to whatever yardsticks you may choose to set up for your own bank. Those yardsticks should be established by analyzing the past behavior of demand deposits, savings deposits, cash, and investments. Periodic asset allocations will show up how changes in the balance sheet items and in your bond maturity schedule may be gradually taking you further away from whatever policy goals you have set for yourself.

Seek Savings More Aggressively to Permit Mortgage Service

A MORTGAGE COMMITTEE IN ACTION—JOSEPH R. JONES, chairman, Committee on Real Estate Mortgages of the A.B.A. Savings and Mortgage Division, and vice-president, Security-First National Bank of Los Angeles, chairman; T. P. AXTON, president, Lafayette (Ind.) Savings Bank; THOMAS L. NIMS, secretary of the Division; DONALD O'TOOLE, president, Pullman Trust & Savings Bank, Chicago; JOHN M. PICKENS, member, Committee on Real Estate Mortgages, and vice-president, Union Planters National Bank, Memphis, Tenn.; and EARLE A. WELCH, president of the Division, and treasurer, Meredith Village (N.H.) Savings Bank.

BANKS which attract more savings deposits through aggressive merchandising are able to provide adequate and improved mortgage lending service to their communities, which in turn attracts still further savings deposits, a panel of bank executives told the Regional Savings and Mortgage Conference of the American Bankers Association in Kansas City.

The mortgage panel at the Regional Savings and Mortgage Conference of the A.B.A. in Kansas City. Left to right, Messrs. Axton, O'Toole, Jones, Welch, Pickens, and Nims



"Mortgage loans are profitable and work for the overall growth of the bank," the participants said. "In addition to improving the bank's competitive position for attracting savings, they form an important part of complete banking service—one for which there is a need and a demand."

The discussion stressed the importance of carefully planned loan servicing in a successful mortgage loan program. It was suggested that every bank handling mortgage loans should have one person specifically responsible for mortgage servicing and that every bank, no matter how small, should pursue a systematic collection policy. This prevents borrowers from getting into serious financial problems, and at the same time keeps the bank's loans in a healthy, solvent condition.

The panel emphasized the importance of keeping mortgage credit and the building industry in a sound financial position. Noting that many predict that the overall demand for homes should remain strong in 1956, the panel pointed out, however, that residential construction in some localities is now running ahead of demand.

"It is the responsibility of bankers to discourage the use of Government subsidy to encourage financing housing in excess of the demand," the panelists said.

Sound Mortgage Credit

FRED F. FLORENCE, president, American Bankers Association; president, Republic National Bank of Dallas, Tex.

THE flexible monetary policy of the past year, under which interest rates have been allowed to rise and

mortgage money has been more difficult to obtain, has resulted in credit becoming the servant, rather than the master, of the housing market. The result is that there is less bidding for the available supply of resources that can be allocated to housing in an economy that is close to straining its existing reservoirs of material resources and manpower, and thus less danger of an inflation that could lead only to trouble. Recent developments indicate that this policy has been successful in dampening the feverish pace of the housing industry and also in reducing the threat of overexpansion. This tempering of the building boom has undoubtedly enhanced the prospects for a healthier building industry in 1956.

Sound, Sensible Basis

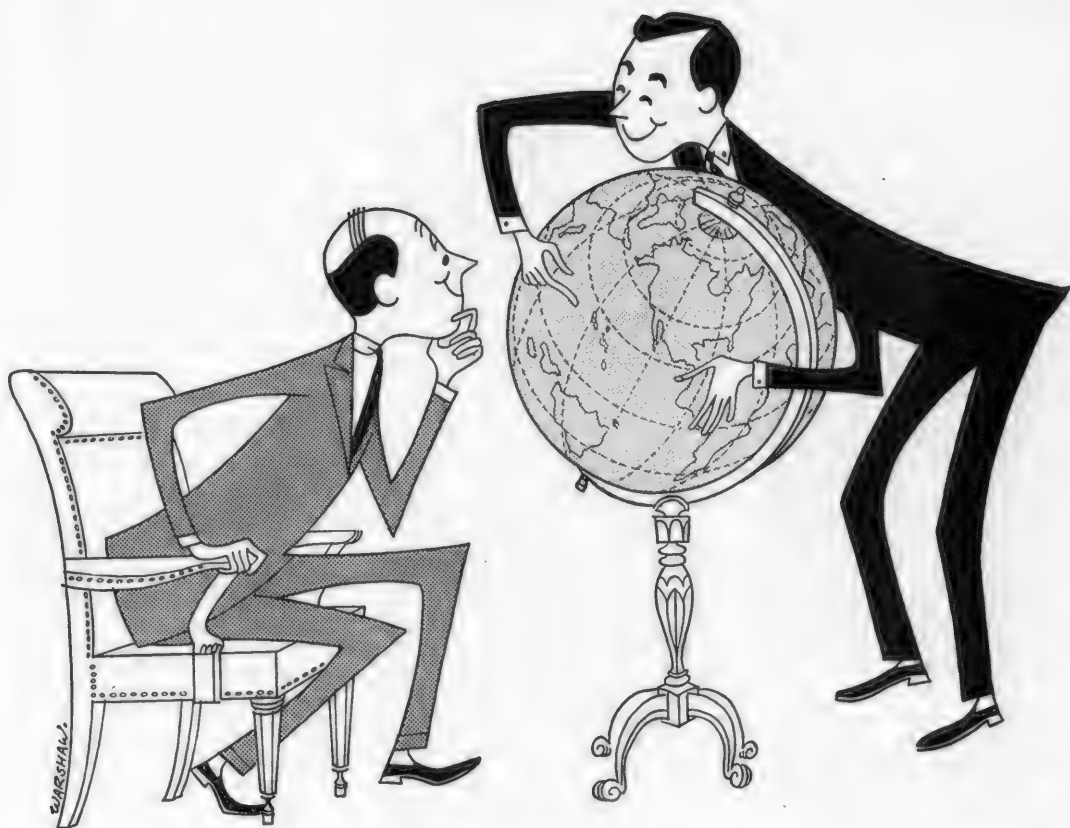
Policies and actions that seek to keep mortgage credit on a sound and sensible basis should not be considered the selfish whims of a few. Such is not the case. They are the responsibility of all lenders and investors. In various channels of Government having a direct or indirect bearing upon the housing market, there has developed a somewhat better appreciation of a joint responsibility for working together.

Too many have been prone to run to Washington for Government aid when the workings of a flexible market have not been to their immediate satisfaction. It required several years of hard work to recondition our market mechanism to the concept that a sound monetary system requires flexibility in credit, and that such flexibility could not be achieved so long as the Federal Reserve System supported Treasury obligations at prices that encouraged inflationary credit expansion. When prejudice is cast out of one's thinking, the wisdom of such flexibility cannot be denied.

The future holds great promise for all of us in the field of mortgage credit if we act wisely and prudently, and with moderation. Let those who have not yet learned to live with the flexible policy of recent years place their confidence in the fact that there will be enough credit available for sound economic growth. The monetary authorities have demonstrated a keen sense of alertness in adapting their policies to the overall credit needs of the economy.

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INCREASED travel and growing markets overseas are making Foreign Banking an important service in cities and towns of all sizes. Through our facilities, correspondents of The First National Bank of Chicago can provide that service in a way that impresses regular customers and wins new ones. The advantages of our Foreign Banking Department are readily available.

Travelers letters of credit, commercial letters of credit and acceptances, fast foreign remittances, up-to-date credit information on foreign firms—these are

a few of the valuable services our Foreign Department renders. Experienced officers make available to you the facilities of our vast network of correspondent banks abroad—a network that has grown steadily for 90 years and extends into every corner of the globe.

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20th Reunion for G. S. B.



In these past 20 years, banking has regained a position in the public confidence and esteem equal to anything it ever had in the past, according to W. Randolph Burgess, Under Secretary of the Treasury, and former president of the American Bankers Association.

"I believe The Graduate School of Banking had a great deal to do with it," Dr. Burgess, who is the Ayres economics lecturer at the G.S.B., added in a talk before the G.S.B. 20th Anniversary Reunion Dinner at The Sheraton Astor Hotel in New York on February 3.

Bank officer graduates from all sections of the country met with members of the original and present-day faculty and student body to observe the 20th anniversary of the

founding of the School, conducted at Rutgers University, New Brunswick, N. J., by the A.B.A.

Plaque for "Johnnie"

Janet Johnson, assistant registrar of the School, was presented by Dr. Stonier with a plaque on behalf of officers and faculty, which reads:

"A Tribute to Janet Johnson, Assistant Registrar, for her devotion over the years to the welfare of The Graduate School of Banking and for her intelligent helpfulness to students—faculty—alumni.

"Signed, Joseph E. Hughes, chairman of the Board of Regents; Harold Stonier, Dean; William Powers, Registrar; and E. Sherman Adams, Director.

"P.S. Besides we all love you, Johnnie."

Gift to University

Among the features of the Reunion was an announcement by Dr. Stonier of a gift of securities valued in excess of \$50,000 to Rutgers University by the Foundation for Education in Economics of the A.B.A. The gift was made known to Dr. Lewis Webster Jones, president of Rutgers, by Dr. Stonier, who read a letter from Francis Marion Law, chairman of the board of trustees of the Foundation, and consultation

At top: Dr. Harold Stonier presents to Dr. Lewis Webster Jones, president of Rutgers University, title to securities valued in excess of \$50,000, a grant to the University from the A.B.A. Foundation for Education in Economics

Next to top: Dr. W. Randolph Burgess, Undersecretary of the Treasury for Monetary Affairs, and former A.B.A. president, addresses the banquet audience

At left: A. L. M. Wiggins, chairman of the board, The Bank of Hartsville, S. C., and former A.B.A. president, speaking at the banquet

Lower right: Panel at Commercial Banking Seminar, l. to r.: Harry C. Culshaw, vice-president, The Pennsylvania Bank & Trust Co., Philadelphia; Wm. C. F. Price, vice-president, The Chase Manhattan Bank, New York; and Carlisle R. Davis, vice-president, State-Planters Bank of Commerce & Trusts, Richmond, Va.

At left: Erle Cocke, vice-president of A.B.A. and vice-chairman, Fulton National Bank, Atlanta, greets guests in his own name and for Fred F. Florence, A.B.A. president, who was snow-bound in Texas



chairman of the First National Bank in Houston.

Under Secretary Burgess, in the course of his remarks, said: "I believe, looking at it from Washington, that our job is only half done and that, in the next 20 years, we have a job laid out for us that is bigger and brighter, full of greater possibilities than the past 20 years. For the world we face today must have leadership to a degree that the old world didn't require. The problems are more complicated. The battle is between the two types of civilization, one represented by our democracy and the other represented by the slave state. If democracy is to win that battle, it must have a type of leadership better than we've ever had before, to give us a cohesive force that will carry us through to triumph in that great world conflict. So, I say, our problem as we look ahead for The Graduate School of Banking is to train leaders on a scale as never before."

"My greeting to you," said Mr. Wiggins, "is to express a personal tribute to this school and to its founder and leader for what it has done for me. I know that every one of you shares in the vision it has given us; in the leadership we have had; in the wisdom in which we have met and faced and evaluated our problems; and in the devotion of a man to a great cause [Dr. Stonier]. And of that man, may I conclude in the words carved on a stone in London: 'If you wish to see his monument, look about you.'"

Janet Johnson, assistant registrar of the G.S.B., receives from Dr. Stonier a plaque citing her devotion to the School and her "intelligent helpfulness"



Dr. E. Sherman Adams and Dr. Harold Stonier, director and dean, respectively, of The Graduate School of Banking, with Dr. Lewis Webster Jones, president of Rutgers University



The Investments Seminar panel, left to right: James J. O'Leary, director of research, Life Insurance Association of America, New York; Wesley Lindow, vice-president, Irving Trust Company, New York; Charles W. Eliason, Jr., vice-president, Commercial National Bank, Peoria, Ill., moderator; Dwight W. Michener, economist, The Chase Manhattan Bank, New York; T. J. Herbert, vice-president, Fundamental Investors, Inc., Elizabeth, N. J.

Head table at faculty luncheon, left to right: Dr. Adams; Dr. Joseph E. Hughes, president, The County Trust Co., White Plains, N. Y., and chairman of the board of regents of G.S.B.; Dr. Stonier; Dr. Jones; and William Powers, registrar of the G.S.B.





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|------------------------|-----|---|---|---|----------------------------------------|-----|---|---|---|
| 1. Locking signal | Y | | | | 9. Accurate analysis locked signalling | Y | | | |
| 2. Easily moved signal | Y | | | | 10. Pocket with wire and acetate lug | Y | Y | | Y |
| 3. Protected pocket | Y | Y | Y | Y | 11. Pocket lug riding on rail | Y | | | |
| 4. Pocket tight to lug | Y | Y | Y | Y | 12. Frictionless shift of pockets | Y | | | |
| 5. Positive visibility | Y | | | | 13. Perfect layback of pockets | Y | Y | | |
| 6. Ease of insertion | Y | | | | 14. Roller suspension slide | Y | | | |
| 7. Quality | Y | | | | 15. Group shifting of pockets | Y | | | |
| 8. Price | Y | | | | 16. Greatest card capacity | Y | | | |

Effective Tools for Effective Management
WASSELL ORGANIZATION, INC. Westport, Conn.

Government Bonds

(CONTINUED FROM PAGE 61)

Federal rapidly disappeared and dealers made good profits on what they had been able to obtain in the weekly auctions.

It should also be noted that the usual demand from corporations continued, so that, by the end of the month, the percentage of outstanding Treasury bills held by other than banks and the Federal Reserve must have increased.

There was further evidence that some of the reinvested funds were willing to extend maturity well beyond the 90-day limit and, in some cases, to even beyond one year. The whole market in the 1- to 5-year range was marked up.

General Scarcity of Supply

The new funds came into the market at a time when dealers' shelves were almost as bare as Old Mother Hubbard's cupboard. Moreover, those who were already holders of the wanted issues were feeling better about future price prospects and in no mood to sell except at very good bids. It is not surprising that a sharp increase in prices occurred.

OMC Lowers Bill Holdings

The return flow of circulation to the banks, the decline in bank loans, and the continued sale of securities by the banks would have produced an undue excess of credit had not the Open Market Committee moved to absorb some of the surplus.

During January the Federal Reserve banks' holdings of Treasury bills were reduced by \$1,338,000,000, leaving only about \$580,000,000 of bills in the portfolio as of February 1.

A further offset to the credit easing tendencies came from a shrinkage in the float, which by the end of January had dropped over \$1-billion below the December 28 total.

If, for any reason, bank credit should remain in supply, the OMC might find itself forced to dispose of something else than bills. However, on February 1 the Federal portfolio contained over \$5.5-billion of maturities "within 90 days." Failure to replace any of these maturities would have the same effect as the sale of bills to the market.

BANKING

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WHY PASS UP EXTRA COMMISSIONS?

Leading passbook manufacturer now has several territories open for aggressive men calling on banks to sell all types of passbooks and pocket check covers (Commission basis)

WILLIAM EXLINE INC.

ONTARIO BLDG. • CLEVELAND 13 OHIO

Build New BUSINESS

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The Family Dollar

TRIPLE DOUBLE TT *Junior* FIRSTS...



America's first DOUBLE TT, JUNIOR, flashes Time and Temperature at the OXFORD NATIONAL BANK, Oxford, Ohio.

First in America

... at the Oxford National Bank, Oxford, Ohio

First in America

... to display exclusive DOUBLE TT Time and Temperature IN JUNIOR SIZE ... AT JUNIOR COST

First in America

... to afford limited financial institution budgets DOUBLE TT benefits in PUBLIC SERVICE SYMBOLIZED IDENTIFICATION.

The new DOUBLE TT, JUNIOR, is the lower-cost model of the original, patented, experience-tested DOUBLE TT, Senior, that has brought remarkable advertising success to scores of financial institutions throughout America. Designed especially for limited budgets, DOUBLE TT, JUNIOR, is scaled down in over-all size and cost only, to meet increasingly insistent demands of financial institutions of moderate size for Double TT identification.

Electronically, the new DOUBLE TT, JUNIOR, alternately flashes Time and Temperature every five seconds, on either one or two faces, continuously, 24 hours every day ... in giant, light-studded numerals legible many city blocks away ... with accuracy guaranteed ... with satisfactory operation assured through more than 200 established Service Agents throughout the U. S. A.

There's nothing else like the new DOUBLE TT, JUNIOR — except the original Double TT, Senior, itself.

Learn — NOW — about the advertising and public relations success YOUR OWN institution can experience with Today's exclusive, modern Time and Temperature display. Mail the coupon today for free literature and full details, without obligation.

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Originators and exclusive manufacturers of DOUBLE TT, the only Time and Temperature display contractually guaranteed ACCURATE to the minute in Time, to the degree in Temperature.

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Gentlemen: Please send me your free DOUBLE TT booklet, "The Word Gets Around in Financial Circles," together with other information on Double TT. I am interested in

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Name Title.....

Institution

City and State

Public Relations

(CONTINUED FROM PAGE 49)

MBA President Donovan E. Crouley, vice - president, Northwestern National Bank, and Executive Secretary Floyd W. Larson developed the idea. Attendance is limited to managing officers on a county area basis. Each program includes panel talks, presentation of MBA's staff and officers, audience participation—all worked out to "up-grade the thinking of bankers on advertising, management development, commu-

nity relations, and professional development," says Secretary Larson. The association has 667 members.

Bank Sponsors Jurors' Handbook

WHEN the Court of Common Pleas of Allegheny County, Penna., directed the writing of a handbook for jurors, POTTER BANK AND TRUST COMPANY of Pittsburgh took over the expense of printing a year's supply.

The court's purpose was to provide useful information, in laymen's

language, about judicial procedure and the functions of a juror.

On the inside of the pamphlet's front cover was this paragraph: "Issuance of this booklet to prospective jurors and preparation of its contents have been under the authority and direct supervision of the judges of the Court of Common Pleas of Allegheny County. Expense of public printing was assumed as a public service by Potter Bank and Trust Company."

The bank was permitted to make a formal presentation of the booklet to the three judges. Vice-president and Trust Officer John M. Duff, in his brief remarks, said the bank was "grateful for the opportunity to be of service to the court and the public." Reporters and photographers were present, and the papers carried stories about the occasion.

Vice-president Edgar A. Beard says Potter Bank will be glad to send a sample booklet to any bank.

Looking for GOOD Home Modernization Paper?

Our local manager will be glad to show you why more than 700 banks and financing companies are handling Holland installment loan paper on a non-recourse basis.

Here are some of the reasons:

- Holland is the world's largest installer of home heating equipment — the *only* furnace company that retails its equipment nationwide!
- Holland controls the end use of its products, because it maintains its own sales outlets.
- Holland *guarantees* heating comfort, and backs up that guarantee with performance!
- More than 5000 Holland men, in more than 500 factory branches and sub-branches are ready, 24 hours a day, to serve the more than 16 million Holland customers.

Find out about availability of Holland paper for *your* bank. Just give our local manager a phone call, and he'll be happy to discuss it with you.

HOLLAND

FURNACE COMPANY

World's Largest Installers of Home Heating Equipment

Main Office and Plants at Holland, Michigan

Banker Profiles

PUBLICATION of the brochure "The Man from Mercantile," by MERCANTILE TRUST COMPANY, St. Louis, is a reminder that personnel is good material for an ad series.

The booklet reprints several of this bank's advertisements introducing the men in its Banks and Bankers Department to the public. Each profile was highly informal and featured, of course, a pleasant picture of the subject.

"We started out to show that bankers are human beings, regular fellows, and nice people to know," says President Kenton R. Cravens. "The response from readers was immediate and encouraging. Other people had nice things to say—about how these monthly profiles were serving to bring bankers closer together for business relationships."

Life Insurance for Savers

THE BELOIT (Wisc.) STATE BANK, which distributes the wooden nickel parking token we reported last month, comes up with a "double your money" life insurance plan for its savings account customers. Here's how the State told the story in the local *Daily News*:

"Every customer who now has a savings account at The Beloit State Bank is automatically and at once

(CONTINUED ON PAGE 133)

Christmas Club

A Corporation

brings you advance notice of this year's

Herbert F. Rawll Memorial Awards Competition

Starts November 16, 1956. Closes January 10, 1957.

\$10,000 in Cash Awards

1st Award \$2,000

2nd Award \$1,500

168 Other Awards from \$1,000 to \$20!

*Open to all Christmas Club members at Financial Institutions
using the services of Christmas Club a Corporation.*



Here's what the Competition does for your Institution...

- Offers your Christmas Club members the opportunity to earn generous awards!
- Promotes better customer relations—gives club members a warm, friendly feeling toward you.
- Attracts new members—holds the interest and good will of old members!
- Produces a wealth of public relations information that, in the past, has helped Institutions increase their Christmas Club memberships by as much as 50%!

Entry blanks explaining the rules of the Competition and attractive lobby display cards will be supplied to you free of charge!

For full particulars, contact Christmas Club a Corporation. A staff member will call on you, without obligation of course.

Christmas Club

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Bond buyers like to deal in U. S. Government obligations where they can count on sound counsel. Bankers, corporate treasurers, financial officers of institutions and public bodies look to us for such counsel.

Our advice covers bond market movements—timely suggestions on arrangement of maturities—portfolio analysis—and on-the-

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As a primary dealer, we keep an inventory of U. S. Government securities. Your trade is completed without delay. It's a thoroughly *personalized* service. To buy or sell Governments, simply call our Bond Department Rector 2-8900, or teletype NY 1-3333-4.

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Member
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Deposit
Insurance
Corporation

(CONTINUED FROM PAGE 130)

covered with life insurance for the full amount of his savings account up to \$2,500, provided he or she is under 60 years of age. There is no charge for this life insurance coverage.

"On new deposits, insurance becomes effective 90 days after the account has been opened, or a deposit has been made, and remains in force for the full amount of your savings account which is on deposit at the time of your death, up to \$2,500. This insurance is furnished by the bank to every savings depositor without charge. Regular savings interest is paid on each account, as usual."

Taking as an example a person of 50 with a \$2,500 savings account, the bank said the average cost of the insurance if purchased, plus the interest on the account, totaled \$69.87 a year, equivalent to a 2.7% return.

"And, in case of your death at age 60 or before, your estate is paid double the amount of your savings account, or \$5,000. Can you beat it?"

In Brief

New Movie

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY of Chicago has a new, original motion picture in color, "Men, Ideas and Money." It's an American business story.

"Way Back" Series

FIRST NATIONAL BANK of Dubuque, Iowa, is running an ad series featuring a news item taken from the local newspaper of 1864, the year the bank started business. One, for example, pictured the old town clock which, said the copy, hadn't changed much—"but oh what changes have taken place in the First National since the time of the old Boston ledger!"

Useful

COMMUNITY SAVINGS BANK of Rochester, N. Y., published an up-to-date postal zone guide of the city. It first appeared in the Sunday newspaper, and was then reprinted for "on request" circulation. The response was very large.



Hundreds of bankers who took on the Todd Sort-O-Namic Plan because their customers liked imprinted checks now find marked improvement in personnel attitudes and greater accuracy in internal operations.

With the Todd Sort-O-Namic Plan, which cuts mis-sorts 85% and helps *all* check-handling personnel, your bank can shorten training periods and cut down employee turn-over.

The improved Todd Imprinter with automatic feed and type-holder not only helps sell more checking accounts but also helps the bank to process them quicker, with maximum efficiency.

To get all the facts about the Todd Sort-O-Namic Plan, mail the coupon.

THE TODD COMPANY, Inc.,
Dept. B, Rochester 3, N. Y.

Please send the complete details about the
Todd Sort-O-Namic Plan.

Name _____

Address _____

City _____ Zone _____ State _____

By _____



ROCHESTER NEW YORK

SALES OFFICES IN PRINCIPAL CITIES

SUBSIDIARY OF

BURROUGHS CORPORATION



Ask

The Bank of Nova Scotia

about Canada...

Since 1832 "Ask The Bank of Nova Scotia" has been open sesame to authoritative information and expert guidance on matters of finance and banking.

For all those with business interests in Canada, The Bank of Nova Scotia offers complete banking facilities and information. Just ask The Bank of Nova Scotia!

The BANK of NOVA SCOTIA

NEW YORK OFFICE
37 Wall Street

GENERAL OFFICES
44 King St. W., Toronto

LONDON OFFICE
108 Old Broad St.

Special representative, Mr. J. F. Musgrove,

Board of Trade Bldg. 141 West Jackson Blvd. Chicago 4, Ill. HA 7-7130

Mortgage Credit

(CONTINUED FROM PAGE 110)

be increased, there might develop a situation in which prices and rents would decline and the volume of construction of new houses consequently be decreased.

"Such a market situation is not likely to develop simultaneously in all or a majority of the communities in the nation. It will appear, rather, from place to place, from time to time. Indeed, it may be that this kind of situation has already appeared in some communities. If it should happen to spread, there might be a general decline in real estate markets that could reach significant proportions."

Technology Problems

"In the past decade, the home building industry and construction technology have undergone vast changes which have geared home building to a new set of standards; and I doubt if we can go on appraising in the same old way," Dr. William H. Scheick, executive director, Building Research Advisory Board, Washington, D. C., told the Savings Management Seminar held as a part of the 20th Anniversary Reunion of The Graduate School of Banking in New York.

"To date, every technical change has brought new technical problems which may radically affect the value of property, depending upon whether the problems have been solved or not," said Dr. Scheick. "For example: condensation is a new problem. Unusual heat loss through slab floors is a problem. Unusual solar heat gains are a problem for air conditioning. The absence of adequate wiring may render a house virtually obsolete. For the builder, striving to meet an economic market level, the production of standard quality is a problem. Even the size, plan, and design of a house are problems when an industry with a million-unit volume becomes sensitive to annual changes in public taste and demand. . . .

"I feel certain that greater changes are in the making because of the forces for change which have developed recently."

While you watched the late, late show
on TV last night...



Continental Illinois' night staff processed 42,500 cash items

If you're a TV night owl, you probably sat through the usual movie between 11 and 1 o'clock last night.

Or you may have been sound asleep in bed. Whatever you were doing in those two hours, the night staff at the Continental Illinois in Chicago was busily processing the remarkable total of some 42,500 cash items!

Speed like this and service like this explains why many a check mailed to the Continental in the afternoon by banks from coast to coast becomes available funds the *following morning*.

It explains why our several thousand correspondents agree so heartily that the Continental Illinois is the "bankers' bank."

CONTINENTAL ILLINOIS NATIONAL BANK
and Trust Company of Chicago

Lock Box H, Chicago 90

Member Federal Deposit Insurance Corporation

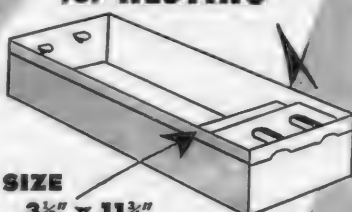
FAMED, TIME-SAVING

"STEEL-STRONG" COIN TRAYS

**are BACK AGAIN...and
BETTER THAN EVER!**

Back again, "Steel-Strong" Coin Trays afford a rapid system for handling wrapped coins. Stamped from one piece of heavy sheet steel, they are absolutely uniform and nest perfectly and securely at any height. Double coated enamel outside, satin finish-plated inside. Colored capacity end labels.

**ALL
ARE OF
SAME WIDTH
AND HEIGHT
for NESTING**



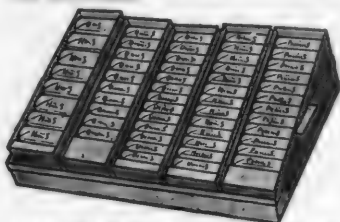
SIZE

3 1/2" x 11 1/2"

**BUT WITH VARYING
DEPTHS for DIFFERENT
SIZE COINS...**

With "Steel-Strong" Coin Trays, Teller merely counts number of filled trays and top rows of unfilled trays...giving him an accurate total of wrapped coins. Saves time, saves errors.

**STEP BLOCKS, EXCLUSIVE
FEATURE** of "Steel-Strong" Coin Trays permit fast loading of rouleaus in Trays, limiting the exact amount of the coin total as shown by colored end labels, which always match the color of the coin wrappers for easy identification of the coin denomination.



LIFT PANS FOR COIN TRAYS

"Steel-Strong" Lift Pans serve to accommodate filled Coin Trays in the cage and become a convenient carrier to and from the vaults for night storage. Illustration also shows Pan filled with loaded Coin Trays and the great advantage of all trays being the same length and width. This permits secure stacking and perfect nesting.

5-DAY FREE TRIAL!

The C. L. DOWNEY CO.
DEPT. N HANNIBAL, MO.

Please send us, prepaid, for trial Coin Trays and Lift Pans for demonstration. We will return same for credit if found unsatisfactory.

NAME

ADDRESS

Records

(CONTINUED FROM PAGE 96)

(6) An intermediate records center was designed for location in New York City in close proximity to the bank's offices. This "temporary drop" provides storage facilities for records too active for transfer to the main records center.

Although the bank is fully aware that some of the retention periods it developed are still far too conservative, it hopes to sharpen its program further through continual analysis of all records in storage. It will accomplish this by periodic evaluation of the number of references to each record by annual age group. No extra effort is required, since a copy of each reference request or charge-out is sorted by type of record and annual age group and then tallied.

The bank has made excellent headway in reducing the sheer volume of its records, in effecting worthwhile economies and in improving the over-all efficiency of its record keeping. The results of the program are evidence that banks, despite the huge volume of their paperwork and their special organizational needs, do not have to be overwhelmed by a floodtide of paper. The scientific methods and techniques which banking institutions have applied with such foresight to other phases of their operations can be employed with equal success to the formidable problem of bank record keeping.



"Darling, guess whose check bounced today—someone who loves you madly!"

**LEADING
INDEPENDENT
AND CHAIN
BANKS**

**Now
Specify**



MP

Mr. STREAMLINED

HOLDS
\$125
1c TO 50c

COIN CHANGER

"The Lowest Priced Modern Changer"

Over one quarter of the nation's leading banks now using. More than 450 in use in one large Western bank chain. Simplifies change handling. Sturdy aluminum, gray hammetone finish. Parts and workmanship guaranteed.

A TRIAL WILL CONVINCE YOU.
See your dealer or write factory for 15 day free trial.

**ONLY
\$63**

With roll-out base—\$22.50 extra, plus tax. (Model 1107 with silver dollar key—\$70, plus tax)

MP

METAL INDUSTRIES ENGINEERING, INC.
4000 Long Beach Ave., Torrance, Calif.



American Appraisals simplify estate administration

Trust officers and executors know that the facts provided by American Appraisal service about the value of physical property or closely held stock equities simplify the fulfillment of fiduciary responsibilities.

**The
AMERICAN
APPRAISAL
Company**

leader in property valuation
HOME OFFICE: MILWAUKEE 1, WIS.

Guideposts for Making Open-End Mortgage Loans

(CONTINUED FROM PAGE 59)

to make such advances and have them secured as the parties have expressed, casting upon the intervener the burden of searching the title. In the latter states it is considered that each advance is, in effect, a new mortgage subordinate to properly established intervening liens, and here the person making the open-end advance must search the title to protect himself.

In the preceding summary, I am, of course, speaking only from personal experience and observations, and I emphasize that this is not a substitute for the specific advice of counsel more familiar with local laws and practices.

The open-end mortgage has now become an integral part of the home loan contracts of many lenders who operate on a national scale. Because these activities are conducted under a diversity of state laws, it is readily apparent that the plan must be drawn with safety, simplicity, and

uniformity in view; otherwise it will defeat itself. The purpose is satisfactorily accomplished, generally speaking, by keeping all advances within the amount of the original loan, amortizing them by increased monthly payments within the original term, and by requiring a title "run-down" in each case even though it may not be strictly necessary. That this general outline provides safety, without sacrificing convenience and simplicity, has been amply demonstrated by experience.

Some Advances Are Insurable

The FHA has yielded to the pressure of events, so that open-end advances which add to the utility and livability of the property and which are not in the nature of consumer credit are now insurable under FHA mortgages. This overdue recognition, however, is in danger of being vitiated by the cumbersome procedures that must be followed, not in

making the advances, but in getting them insured. For this reason, the volume of open-end financing under the FHA may not be significant.

More realistic has been the attitude of the title insurance companies, who, recognizing the growing acceptance of and demand for the open-end mortgage, are making available special "run-down" searches at nominal rates.

Setting Up a Plan

In the narrow compass of this nontechnical article it has been possible only to hit the high spots, so to speak, but by following the guideposts and landmarks it is easy to set up a plan for making open-end mortgage advances. Progressive lenders everywhere are already doing it, largely because it is a useful device in filling a real need. First of all, establish your policy as to limitations on amount, purpose and maturity; next insert proper language in the mortgage, and, lastly, follow the advice of local counsel about searching the public records for intervening liens. There is less business risk in making open-end advances than you think.



YOUR CUSTOMERS WANT IT . . . IT CAN BUILD VOLUME FOR YOU

Our protected Loan Plan can help you build more volume in every department. Surveys show that most families want Credit Life Insurance. We not only are the creators of Credit Life Insurance, but creators of the promotion and selling service you need to build more volume and profit. Mail coupon for details and your copy of the current issue of the BUSINESS BUILDER.



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MAIL THIS COUPON TODAY

BANKERS SECURITY LIFE INSURANCE SOCIETY
103 Park Avenue, New York 17, N. Y.

Please send us complete information about your Protected Loan Plan, plus a copy of your current BUSINESS BUILDER.

Name of Firm

Address

City State.....

By



Maria Bergson Private Office

Maria Bergson Associates
Designers
551 Fifth Avenue
New York City

Conference table lighted by
Rambusch Annulite® fixtures

Due to its neat appearance, pleasing proportions and complete absence of visible mounting means this has become the favorite recessed fixture among discriminating Architects and Decorators. The exceptionally high efficiency of the Rambusch Annulite makes it the choice of many engineers. There are 100 Rambusch lighting representatives in the country—one of them is near you and anxious to serve you.

RAMBUSCH
DESIGNERS • MANUFACTURERS
40 W. 13th St., New York 11, N. Y.

News for Country Bankers

(CONTINUED FROM PAGE 79)

er produced enough to support himself and almost 10 others. Now his output is sufficient to support himself and 18 others.

(4) Application of improved technology has increased greatly the total investment in machinery per farm, and likewise the investment per farm worker. In 1955, the average farm worker had for his use \$14,000 of machinery. In central Kansas, the average machinery investment of farm management association members in 1954 was \$13,300. This is an investment in machinery of nearly \$10 per acre. These are depreciated or book value figures. Original cost of the machinery on these farms probably exceeds \$25,000 on the average.

(5) There is a significant trend toward specialization in farming. On many farms, the plan is to concentrate on one enterprise and conduct this on an extensive commercial scale. . . .

(6) Farmers are depending more and more on purchased inputs and services in their farming operations. . . .

(7) The relationship between prices farmers receive for their products and the prices paid for goods and services has become increasingly more important in planning farm operations.

(8) A significantly higher level of managerial ability is required today for success in farming. . . .

Marylanders' Gift to 4-H

ONE HUNDRED AND THIRTY Maryland bankers recently demonstrated their interest in 4-H Clubs by contributing nearly \$1,500.

A campaign was conducted under the leadership of R. S. Brown, agricultural representative of the Easton (Md.) National Bank, who served as chairman, and A. Z. Gottwals, president, Agricultural Representatives of the Fifth Federal Reserve District, Upper Marlboro, as vice-chairman.

Contributions were shared by the National 4-H Club Foundation in Silver Spring, Md., representing the over-all 4-H program including the International Farm Youth Exchange, and the Maryland 4-H Club.

The WBAL-TV farm show on January 14 was the scene of the presentation of checks. With Conway Robinson, WBAL Radio and TV farm director, presiding, Mr. Brown presented checks on behalf of the Maryland bankers to Norman C. Mindrum, executive director of the National 4-H Club Foundation, and Sherard Wilson, Maryland State 4-H Club leader.

SAFEWAY STORES INCORPORATED

Common and Preferred Stock Dividends

The Board of Directors of Saway Stores, Incorporated, on Feb. 7, 1956, declared the following quarterly dividends:

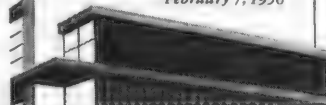
60¢ per share on the \$5.00 par value Common Stock.

\$1.00 per share on the 4% Preferred Stock.

\$1.07½ per share on the 4.30% Convertible Preferred Stock.

The Common Stock dividend and dividends on the 4% Preferred Stock and 4.30% Convertible Preferred Stock are payable Apr. 1, 1956 to Stockholders of record at the close of business Mar. 2, 1956.

DRUMMOND WILDE, Sec.
February 7, 1956



IT'S
**BASEBALL
WEATHER
in ARIZONA!**

New York Giants
in Phoenix,
Chicago Cubs
in Mesa,
Baltimore Orioles
at Scottsdale,
Cleveland Indians
at Tucson . . .

Why not sit in the sun and watch the big leaguers work out their winter kinks? (It's a wonderful tonic for tired bankers!)

37
OFFICES

"Arizona's Bank"

RESOURCES \$397 MILLION

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Flood Disaster

(CONTINUED FROM PAGE 40)

officials daily. Additional SBA personnel was shifted from as far east as Kansas City.

"I got in touch with the banker groups in California, Nevada, and Oregon—the states affected by the flood. The state associations assigned bankers and appointed advisory board members. We opened our first SBA office two days after Christmas. The rest of them were in business within a week."

Mr. Barnes, whose visit to California was accompanied by still more rain, looked over the disaster areas with Edward L. Turkington, regional SBA director.

After noting how well the loan procedure was working, he declared: "It's a sharp improvement over the New England setup."

A Successful Procedure

And he said he was convinced a system has been developed so SBA, in cooperation with banks, can "handle any volume of disaster loans promptly."

At the time Mr. Barnes was in San Francisco, the actual lending was just starting to get under way. A little under 300 applications had been made for loans totaling \$2,333,853. Of these, 129 came to the banks and 152 to the six SBA offices in the area.

The total approved at that time was 49. Forty were for businesses and nine for homes; the total amounted to \$267,865.

After conferring with Mr. Turkington, Mr. Barnes estimated applications would be made for "another 10 or 12 million dollars."

Experience has shown, he said, that the high mark in loan applications comes about two months after the disaster strikes. Victims have to find out where they stand, decide what they want to do, and get estimates so they know how much money to request.

According to SBA regulation, the amount of any SBA loan cannot exceed the actual cost of replacement or restoration of property to pre-disaster status (less insurance or Red Cross grants for such purpose, if any).

Mr. Turkington noted that, although the early batch of loans was mostly for businesses, the bulk will

IF YOU NEED ACCURATE INFORMATION ON COLOMBIA

★ ★ ★ ★ ★

U. S. industry is joining the parade of Colombian expansion . . .

- ★ Where new U. S. manufacturing plants are being established to tap Colombia's abundant markets.
- ★ Where new wealth is being extracted from Colombia's rich soil.
- ★ Where new business is being stimulated by friendly foreign trade relations between the U. S. and Colombia.

All this means that more and more banks are looking long and carefully at Colombia's continuing development when seeking correspondent relations in Latin America.

The reliable and responsible commercial and financial information supplied by the Banco Comercial Antioqueño is supported by our 43 years' experience growing with Colombia, and the complete facilities of our 37 offices located in every important commercial market of the country.

We invite your inquiries.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices — Bancoquia

| | |
|-----------------|------------------------------------|
| Capital paid-up | \$21,205,712.50 — Pesos Colombian. |
| Legal reserves | \$21,000,000.00 — Pesos Colombian. |
| Other reserves | \$7,233,000.00 — Pesos Colombian. |

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenia (C), Barrancabermeja, Barranquilla (S), BOGOTA (S), Bucaramanga, Cali (S), Cartagena, Cartago, Cúcuta, Girardot, Ibagué, Loric, Magangué, Manizales, Medellín (S), Montería, Neiva, Palmira, Pasto, Pereira, Puerto Berrio, San Gil, Santa Marta, Sincelejo, Socorro, Vélez (S)

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300 Park Avenue
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Common Stock Fund, Inc.

BUSINESS CONDITIONS IN SOUTHERN CALIFORNIA

RESEARCH DEPARTMENT
CONDENSED SUMMARY

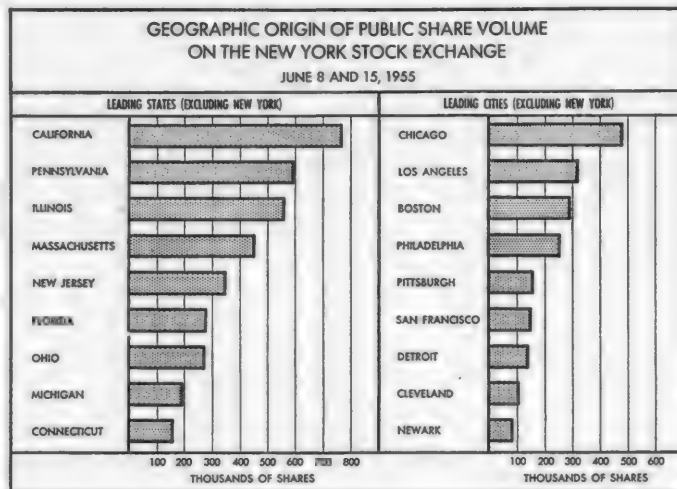
STOCK VOLUME
BY AREAS

CALIFORNIA AND LOS ANGELES

THE NEW YORK STOCK EXCHANGE last year completed the fifth of its periodic studies of public transactions handled by that Exchange. The chart below summarizes the geographic origin (outside New York) of the buy and sell orders included in the study. New York City, of course, accounted for a tremendous volume. However, nearly 70 per cent of the total volume originated outside that city.

California ranked second among the states of the nation, behind New York. Among the cities of the nation, Los Angeles was in third position, behind New York and Chicago. Only five states other than California itself originated more New York Stock Exchange volume than did the city of Los Angeles.

Los Angeles has increased its percentage of total volume on the New York Stock Exchange and in each succeeding survey has accounted for a larger portion of the share volume originating in California. In the March 1953 study, Los Angeles provided 35.4 per cent of California's volume, and in the recent study 41.7 per cent.



MONTHLY SUMMARY OF BUSINESS CONDITIONS IN SOUTHERN CALIFORNIA, from which this excerpt was taken, is published regularly for friends and customers of Security-First National Bank by our Research Department. If you would like to receive it free of charge regularly, write Bank and Customer Relations Department.

RESOURCES OVER 1½ BILLION DOLLARS

**SECURITY-FIRST NATIONAL
BANK OF LOS ANGELES**
FOUNDED 1875

MEMBER FEDERAL RESERVE SYSTEM • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

be for homes before the program here is completed.

That's because the areas hit by the West Coast floods were chiefly residential and agricultural. This is in sharp contrast to the New England situation where industry was hardest hit.

What is the situation for the typical home owner hit by the flood?

According to Anthony Dick, one of the SBA men from Washington who also had experience in the eastern flood, the average home loan is for about \$3,000.

"It's to repair the foundation, replace or repair a buckled floor, paint walls, and fix damaged woodwork.

"We work closely with the Red Cross, which will step in with an outright grant for furniture in hardship cases. The Red Cross will even pay part of a mortgage if necessary to keep a home owner's total obligation within a range he can handle."

Both Mr. Dick and Mr. Turkington emphasized that an applicant for an SBA loan doesn't have to be turned down by a bank to qualify for a Government loan.

To a Bank First

"But we try to get applicants to discuss their problems with a bank first," they said.

To illustrate a typical business loan, Mr. Turkington cited a general merchandise store near Santa Cruz where the owner's entire \$50,000 stock was wiped out.

Suppliers stepped in and offered to ship \$20,000 in stock immediately. The Red Cross made a \$10,000 grant and the SBA quickly came through with a \$20,000 loan.

"This put the merchant back in business in a hurry. But this fellow knew where he stood, knew what he wanted. Most of the people are in a state of shock at first and don't know which way to turn."

A person may be on the right track and still be going in the wrong direction.

We suggest that some of the Government's surplus food be used in hors d'oeuvres in place of the plastics now being served.



Give wings to your customers who do business with Canada

A Pittsburgh mining machinery manufacturer needs quick information on winter transportation facilities to a remote part of Canada's Northwest Territories.

A Baltimore shipper seeks wharfage facilities in Vancouver. A San Francisco produce broker needs broader representation in Alberta for the sale of vegetables and citrus fruits.

Such problems are solved through close relationships between United States commercial and industrial firms and their own banks on one hand, and Canadian banks and their connections on the other.

The Canadian Bank of Commerce, with over 680 branches from Coast to Coast, is equipped to pro-

vide complete banking and fact-finding facilities almost everywhere north of the border.

You are invited to communicate with us directly, or through one of our agencies or branches in the U.S., whenever there may be an opportunity for us to assist you in cooperating with customers of yours, planning or engaged in Canadian business *anywhere* from Newfoundland to the Pacific.

For further information on our facilities—just write to one of our regional Business Development Departments located at Vancouver, Calgary, Winnipeg, Toronto, Montreal and Halifax or the Business Development Division, Head Office, Toronto.

THE CANADIAN BANK OF COMMERCE

HEAD OFFICE—TORONTO



NEW YORK

SAN FRANCISCO

LOS ANGELES

SEATTLE

PORTLAND, ORE.

AND MORE THAN 700 CANADIAN BRANCHES

Common and Preferred Dividend Notice

January 25, 1956

The Board of Directors of the Company has declared the following quarterly dividends, all payable on March 1, 1956, to stockholders of record at close of business February 6, 1956:

| Security | Amount per Share |
|--------------------------------------------------|---------------------|
| Preferred Stock, 5.50% First Preferred Series... | \$1.37½ |
| Preferred Stock, 5.00% Series..... | \$1.25 |
| Preferred Stock, 4.75% Convertible Series..... | \$1.18¾ |
| Preferred Stock, 4.50% Convertible Series..... | \$1.12½ |
| Common Stock | \$0.35 |

W. H. Nungesser
Secretary

TEXAS EASTERN  *Transmission Corporation*
SHREVEPORT, LOUISIANA

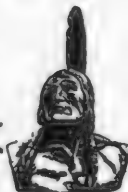
WHETHER YOU'RE A CORRESPONDENT BANK OR NOT:

Give Us A Job To Do

Send us your toughest problem . . .
Phone LAfayette 3-6800, ask for Correspondent
Banking Service and get action—fast!

The National Shawmut Bank

40 Water Street, Boston



BANKING . . . read by thousands of bankers and other business executives every month! . . . TRY IT for Advertising Results!

Your Bank will grow faster
with
SCHOOL BANKING
THAT IS OUR BUSINESS
LET US HELP YOU

**EDUCATIONAL
THRIFT SERVICE**
22 PARK PLACE
NEW YORK 7, N.Y.

do
you
need—

precision-made
machine and
hand posting
passbooks

SAMPLES AND PRICES ON REQUEST

WILLIAM EXLINE INC.
1270 ONTARIO STREET, CLEVELAND 13, OHIO

Operating Procedures

(CONTINUED FROM PAGE 47)

banks can accept amount codes from other banks, and whether a bank should adopt a system that isn't potentially beneficial to all the banks.

Mr. Nungesser didn't attempt to provide the answers; but he was confident the problems would be solved by bankers.

Post-to-Check System

Two observations on this procedure as applied to commercial accounts were made by Raymond R. Stoner, comptroller, Dauphin Deposit Trust Company, Harrisburg:

"(1) The lack of adequate records in the bank after the customer receives his statement makes the possibility of reconstructing an account, for any reason, an enormous task. True, the records were probably microfilmed before mailing to the customer but try sometime to check back or reconstruct an account from microfilmed records.

"(2) Most post-to-check systems provide for cancellation of checks when statement is prepared. Even then some of those cancellation devices are 'paid' stamps rather than perforations. Two hazards of considerable importance are apparent. The uncanceled checks are held for a month or more subject to renegotiation by a dishonest employee or other person into whose hands they may fall. And checks stamped paid rather than perforated may be renegotiated by crooks on the outside since it has been proved that the ink from such stamps may be easily removed without damage to the check itself."

Management

IMPROVING the quality of bank management involves development of a practical, efficient plan of organization and the development of people, the clinic was told by George B. Ward, director of Bank Personnel Administration, American Bankers Association.

"Many banks have outgrown former satisfactory internal organization relationships," he said. "It is time for management to take a fresh look at the bank—its objectives, organization and people. What will your bank be like five and ten years (CONTINUED ON PAGE 144)

Remington Rand

BETTER BUSINESS METHODS

For Greater Profits
Through Lower Costs



New Sectional Sitting-Height Teller's Work Station For Installment Loan Departments

For Working Efficiency, Good Public and Employee Relations and Space Saving

Unlike custom-built counters, this new sectional counter unit of Remington Rand accommodates all facilities for small loan records in a teller's work station.

Its appearance is open and friendly. The teller *always* faces the customer, ready to serve... has complete facilities, and all needed machines, within arms reach—including the new type-writer pedestal for sending out notices and advices. It eliminates working at a desk with back to customer—the "extra" desk is eliminated! The teller works comfortably seated—ending the usual "standing," and the fatigue and errors which are bound to result. Customers are served more promptly, efficiently and courteously.

This new customer counter is

most economical and efficient. It reduces costs by centralizing customer contacts and records for installment loans within reach of the teller. The counter offers complete flexibility. Various units may be moved or additional units may be added as required to meet changing conditions.

The working side of the counter may be made up of standard *certified insulated* or *uninsulated* desk-height units and safes. A wide selection is available for any type of record or operation. Most important, these *certified fire-insulated* units protect counter-stored vital records, 24 hours a day, at their point-of-use.

Get the new illustrated booklet showing a full range of steel counter combinations and equipment. Circle SC764.

KARD-VEYER The All-New Mechanized Card Record File

Kard-Veyer is the *new* electrically powered card-file unit that cuts finding, posting and filing time to seconds. Here's an all-in-one, fatigue-reducing high output work station that saves profit dollars in time and space. Kard-Veyer houses from 16,000 to 40,000 record cards in sizes 8x5, 6x4, 5x3 and tabulating card size.



If your records-keeping operation includes a large, active card reference file, investigate Kard-Veyer *today*. Circle LBV706.

Remington Rand

DIVISION OF SPERRY RAND CORPORATION
Room 1348, 315 Fourth Ave., New York 10

Kindly send literature circled:

SC764

LBV706

Name _____

Title _____

Bank _____

Address _____

City _____ Zone _____ State _____

Profit-Building **IDEAS** For Business

(CONTINUED FROM PAGE 142)

from now? Will it keep pace with and help in the growth of the community?

"Although management can initiate a development program, provide the proper climate and offer valuable assistance, it *cannot* develop anyone. Each individual must develop himself."

Teller Operations

COMMENTING on the relative merits of tellers' machines and multiple-copy deposit tickets, Homer B.

Moyer, comptroller, Miners National Bank of Wilkes-Barre, said:

"Each has certain advantages. It is claimed for the multiple-copy deposit ticket that it produces faster operation and requires a much smaller investment in equipment. Advocates of the use of teller's machines claim that these machines will produce a better control of cash and deposits received and will at the same time produce a control of other transactions handled by the teller.

"From a control standpoint there can be no doubt but that the ma-

chine method is superior. From an operating standpoint I believe it is necessary to analyze your own particular operation before making your decision as to which method to recommend. If your tellers are divided between paying and receiving tellers, you may be able to speed up your receiving tellers' operations by the use of multiple-copy deposit tickets but you will have done nothing to improve your paying operation.

"Consequently, if your primary interest is speeding up your receiving tellers' operations, multiple-copy deposit tickets would probably be your answer. If, on the other hand, your tellers operate as both paying and receiving tellers and your volume of cashed checks is substantial, tellers' machines might be the more logical answer to your problem."

Bank Mergers

HERE is a comment on mergers by Harry V. Keefe, Jr., a partner in R. L. Day & Company, Hartford:

"The most important factor to bear in mind concerning the current merger trend is that commercial banks no longer have a monopoly on money lending nor are they without competition for the saver's dollar.

"It is not enough for a bank to do well against just local competition for investors' funds will flow from the less profitable corporations to the most profitable regardless of geographic location or size of corporation.

"In our opinion it will be impossible to legislate against this merger trend since it is due primarily to basic internal problems of the banks—the single most important of which is successor management. As long as we have a free enterprise system investors' funds are going to flow toward the growing and more profitable corporations."

"Riffling Ralph" Counts 'Em Fast

GUARANTY TRUST COMPANY of New York has a new machine, nicknamed "Riffling Ralph," that counts stock certificates at the rate of 60,000 an hour—eight times faster than normal. It's used in the stock transfer department.

The counter, manufactured in England but distributed in the

A SINGLE INVESTMENT IN PUBLIC RELATIONS that pays dividends year after year

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BELLS!

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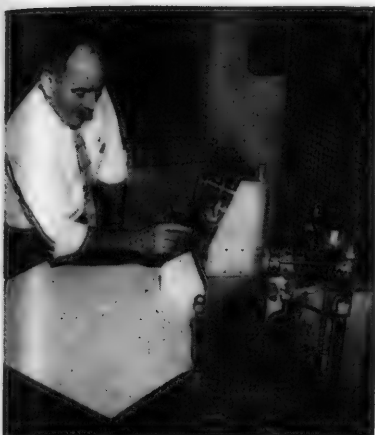
"Tyme-Stryke" is the fully automatic clock-operated bell instrument which rings out the hour and quarter hours with the Westminster melody known to millions everywhere. No tower or display clock is required. Bells and clock mechanism are installed in your building, in any available space, protected from weather.

The Schulmerich "Weather Bell", which forecasts local weather each hour by playing familiar tunes, may be added to the "Tyme-Stryke", giving your institution a first in community service.

No advertising investment matches this dignified, long-lasting sales impact on the public. Let us demonstrate right in your office! Write:

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Guaranty Trust's transfer vault officer John McCaron at the controls of "Ralph" as it riffles through a stack of certificates

U. S. A., is controlled by two push buttons. Its operation, as the nickname suggests, somewhat resembles the riffing of a pack of cards. It can also count new currency, bonds, even coupons.

No More "Wrong Dates"

A DEVICE that eliminates the problem caused by bookkeepers posting the wrong date to ledger sheets has been created by Walter B. Davis, assistant cashier of The First National Bank & Trust Company of Oklahoma City.

"Under delayed posting," says the bank, "bookkeepers were occasionally using the current date in their posting, thereby causing a waste of

Date card at work in the bookkeeping department of First of Oklahoma City



time by having to correct the dates on their ledger sheets.

"Davis devised a card, 28" by 44", on which he had large numbers painted. Each day he displays a card which contains the date of the previous business day on a wall of the bookkeeping department, and in view of all 20 bookkeepers. A different color card is used each day; the numeral color also changes.

"The system has completely eliminated the 'wrong date' problem, and has saved many man hours previously required to double-check the bookkeepers' ledger sheets."

A doctor says a baby doesn't know what's good for it. That goes for some pretty old ones, doc.

Success in life generally expands the waistband or the hatband.

If the spring poets want to be realistic, they should find more words that rhyme with slush.

Some housewives run charge accounts with four grocers because it makes the bills seem smaller.

YOU CAN BANK ON *CheckMaster* to help you win and hold checking account customers

Both CheckMaster (free book plan) and Chexcel (sell the book plan) now have the best looking check sets in the field . . . and still cost less. Judge for yourself. Write for sample check set.



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Washington

(CONTINUED FROM PAGE 37)

effective April 1 and will be succeeded by Percival F. Brundage, now Deputy Director of the Budget. Mr. Hughes came to Washington at the outset of the Eisenhower Administration as Deputy Director under Joseph M. Dodge, chairman of the Detroit Bank. Mr. Dodge resigned in April 1954 but returned to the Government December 11, 1954, to become a Special Assistant to the President and Chairman of the Council on Foreign Economic Policy.

Mr. Brundage before coming to the Budget Bureau was a senior partner in the firm of Price Waterhouse & Co., certified public accountants.

Consumer Credit Control

One of the shortest-lived of the recommendations of the President was that "consideration be given" by Congress to the enactment of stand-by power for the Federal Reserve Board to regulate consumer credit. This proposal was contained in the Economic Report.

First reaction was that the Senate Banking Committee might give this subject a hearing, or it might not. Subsequently the chairman of the committee indicated that this subject would be considered if the Eisenhower Administration expressed a firm interest in it, rather than merely suggesting "consideration." Consensus of most banking committee members of both Houses, however, was that it could not pass this year.

Finally George Humphrey, the Secretary of the Treasury, in effect probably ended any chance that this might be taken up by saying, before the Joint Economic Committee, that it was not needed at this time.

RFC's Rapid Closing

One of the Government marvels has been the rapidity with which the Reconstruction Finance Corporation, which ceased making new loan commitments September 28, 1953, has been liquidated. For this achievement, officials are frankly grateful to the part played by the commercial banking industry.

One of the knottiest of the agency's liquidation problems was the small

business loan—relatively small in amount—to borrowers who had been unable to get private credit and who were loaned money on intermediate terms. If the staff of the RFC had been required itself to liquidate these, they would have been kept in employment for at least several years.

As it was, with the help of the commercial banks, the RFC was able to close all its regional offices June 30, 1954.

How It Was Done

With the cooperation of the American Bankers Association and the Reserve City Bankers, regional advisory committees of commercial bankers were set up in all Federal Reserve districts, to assist in the liquidation of the small loan portfolio.

RFC took all current loans in good standing, to the number of 2,848 for an outstanding total of \$73,243,000, and put them in a pool. Pool certificates were issued, and investors, preponderantly commercial banks, invested in them to a total of \$47,000,000. RFC kept \$26,000,000.

(CONTINUED ON PAGE 148)



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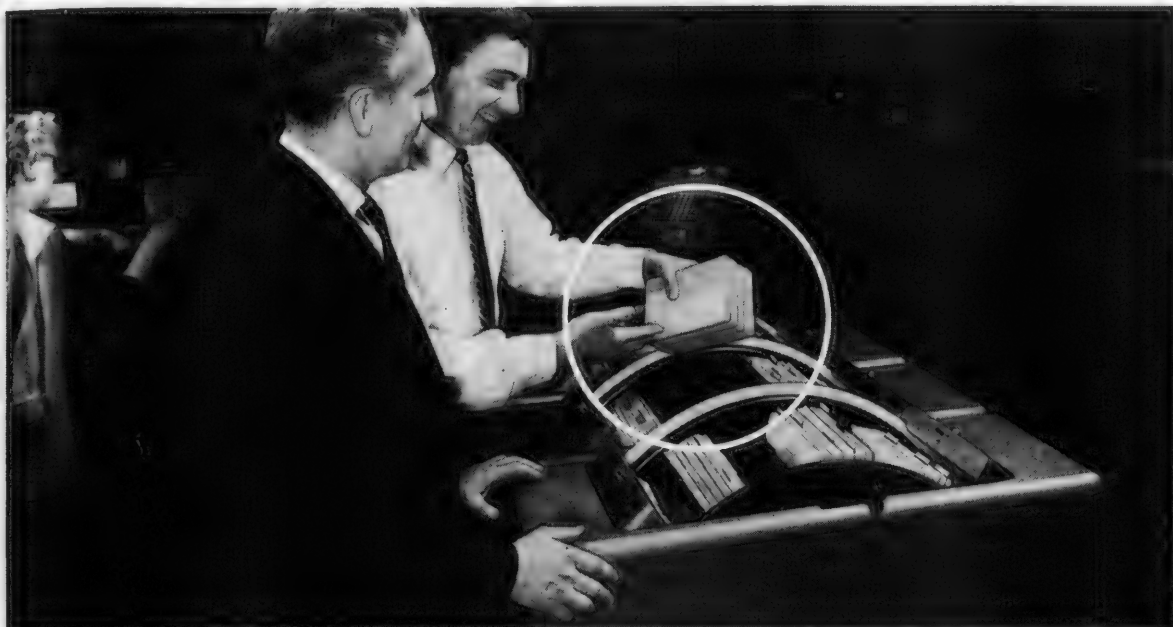
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go to work. *Revo-File* is the *only* single-drum rotary card file of its type that lets you *do* this. *No wonder 9 out of 10 leading banks (by deposits) are using Revo-Files* to gain the proved money-saving advantages of rotary card filing.



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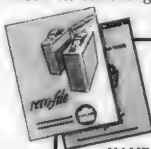


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(CONTINUED FROM PAGE 146)

Purchase of these certificates by banks immediately placed the Treasury in funds.

And furthermore, commercial banks undertook to handle the servicing or liquidation of the outstanding RFC small business loans in the communities served by the banks.

By December 31, RFC reports, the loan pool was down to 1,209 loans for \$25,150,000, a reduction of 59% in number of loans and 66% in dollar outstandings, in a period of only 22 months from the time the arrangement was set up. RFC's share of the pool certificates was down to \$18,000,000 and the banks' share was down to \$7,000,000.

Laurence Robbins, Assistant Secretary of the Treasury, expects that these pool loans will all be liquidated by December 31, 1956, and with luck they may be wound up by October 31.

At the time of liquidation, RFC had some 5,000 loans or securities or other items aggregating \$592,000,000. By December 31, 1955, this inventory had been reduced by \$437,000,000. In addition RFC had sold synthetic rubber plants for an aggregate of \$400,000,000, of which \$270,000,000 represented the value of the plants and the balance working capital.

SBA Authorizations

RFC's successor in the small business and disaster loan operations, the Small Business Administration, had been authorized by Congress to use \$100,000,000 more for disaster loans, and its total authorized loan fund was correspondingly raised by \$100,000,000, so the agency may now use \$125,000,000 for disaster loans, \$150,000,000 for small business loans, and \$100,000,000 to promote pool contract procurement by small business concerns. It remains, however, for Congress to appropriate these sums.

Demand Audit of Federal Reserve Board

Senator Paul H. Douglas (D., Ill.) revealed, in the course of the Senate Banking Committee hearings on the nomination of Chairman Martin, that he had joined with Rep. Wright Patman (D., Tex.) in the demand for the audit by the General Ac-

(CONTINUED ON PAGE 150)

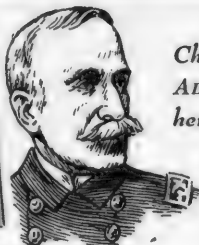
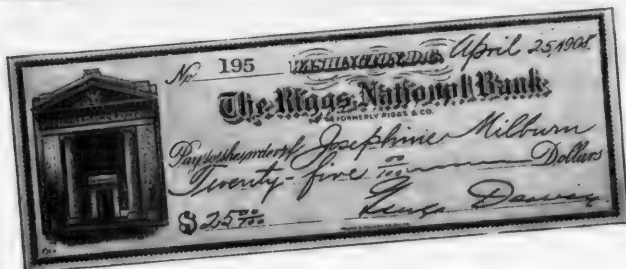
Potomac Portrait

A U. S. Destroyer leaving the Naval Gun Factory (rear) passes through the opened South Capitol Street Bridge spanning the Eastern Branch of the Potomac.

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(CONTINUED FROM PAGE 148)

counting Office of the Federal Reserve Board.

Chairman Martin explained that in his opinion Congress in the Banking Act of 1935 expressly exempted the Reserve Board from the GAO audit. Consequently, he explained, he is not inclined to permit a GAO audit unless Congress changes the statute.

Senator Douglas also spoke in favor of giving the Board in Washington, D. C., more control and the New York Federal Reserve Bank less, over operations of the Open Market account.

Housing Proposals

After the President had sent Congress all his messages, it appeared possible that Congress might escape an over-all housing bill this year, after all. That is to say, a revision of the scope of the Housing acts of 1954 and 1955 might be avoided.

Mr. Eisenhower recommended a 2-year public housing program of 35,000 units per year, and said that preference should be given to the occupancy by older persons in public housing projects.

Other main housing recommendations of the President follow:

(1) Restore to public housing the Federal housing aids that are available only to such cities as conduct their housing planning in a manner approved by the Housing and Home Finance Agency.

(2) Provide special FHA mortgage preference for nonprofit apartment houses to be occupied by elderly persons.

(3) Liberalize the sums FHA may approve under home modernization and repair loans (Title I) and extend permissible maximum terms from three years to five years. While the President did not specify the new higher top FHA Title I limit, officials said it will be \$3,500, as against the present \$2,500.

(4) Increase FHA insurance authorizations and put them on a more permanent basis.

(5) Increase FNMA's "flexibility" to operate a secondary market for FHA and VA loans.

Legislative Trends

Compared to the housing programs of the past two years, this is a modest docket of proposals.

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Congress is unlikely to require that cities must conduct their municipal planning to suit HHFA as a condition to their getting public housing.

More liberal Title I loans were conceived as a way of assisting in the success of the home "fix-up" program under the industry-sponsored, Government-backed "Operation Home Improvement."

The recommendation on FNMA is indicative of a trend which is believed inevitable if housing construction volume drops markedly in the remainder of this year, especially should there also be any indications of a sag in the volume of business generally.

This trend is to reverse that phase of the Housing Act of 1954 which sought to have the Government stop broadly supporting Government-sponsored liens with Treasury money, and to make the "secondary market" semi-independent of the Treasury.

The President specifically proposed that the ratio of stock which must be purchased by institutions placing VAs and FHAs with FNMA may be cut to 1% from the present 3% requirement.

However, it would take an amendment to the 1954 act to give broad power to resume advance commitments and provide funds for general mortgage support beyond the \$90,000,000 the President could still by special order use for that purpose. This was not proposed by the President.

Veteran Housing

There were two subjects relating to housing aids for veterans under discussion at the time of writing. One was the question of whether World War II veterans should continue to be entitled to VA home mortgage guarantees after the statutory expiration of this benefit on July 25, 1957.

The President recommended that this expiration be allowed to stand without extension.

Chairman Olin Teague (D., Tex.) of the House Veterans Committee, was said to believe the guarantee program for WW II veterans should expire on schedule, but that the Veterans Administration should be given more funds to make direct loans and to provide funds for those loans in areas of mortgage credit stringency.



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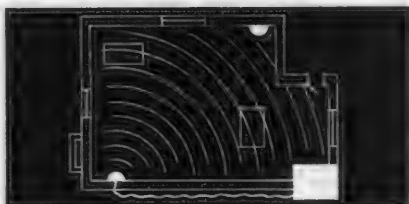
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Building Prosperity

"How Long Will the Boom Last?" was the subject of a talk by Dr. George Cline Smith at the Regional Savings and Mortgage Conference, Kansas City. Dr. Smith, who is assistant vice-president and economist, F. W. Dodge Corp., New York City, said in part:

"There's no denying that construction, like most other industries, is highly prosperous — but prosperity shouldn't be confused with a boom. Actually, the expansion of construction in recent years has been quite modest, in relation to the growth of the economy. Total outlays in 1955 equaled less than 11% of the total national output, a ratio that is entirely consistent with the customary relationship in periods of normal peacetime growth and considerably lower than the 13% figure that characterized the peak years of the last real building boom in the Twenties.

"In many types of construction we are still underbuilding. . . . While all indications point to a mild decline in homebuilding activity in 1956, expansion in other sectors of construction will more than offset this drop.

"This year's housing decline does not represent a falling off of basic demand, but rather a temporary shortage of financing. . . .

"Most units being built go to satisfy the needs of population growth."

Four NABAC Regionals

THE National Association of Bank Auditors and Comptrollers plans four regional meetings for 1956:

Northern, Chicago, Hotel Sherman, April 16-18; general chairman, Delbert N. Urick, auditor, Harris Trust and Savings Bank of Chicago.

Eastern, Atlantic City, N. J., Hotel Claridge, April 23-25; general chairman, Frank Puleo, vice-president and comptroller, National Newark & Essex Banking Company, Newark, N. J.

Southern, Galveston, Tex., Hotel Galvez, May 7-9; general chairman, Arthur E. Ake, cashier, The Moody National Bank of Galveston.

Western, Seattle, Olympic Hotel, May 23-26; general chairman, Archie Anderson, assistant auditor, Seattle-First National Bank.

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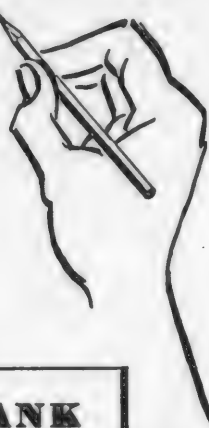
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COMMON STOCK DIVIDEND

The Board of Directors has declared a regular quarterly dividend of 45¢ per share on the Common Stock of the Company, payable on March 5, 1956 to holders of record on February 18, 1956, and the seventeenth regular quarterly dividend of \$1.125 per share on the 4.50% Cumulative Preferred Stock, 1951 Series, of the Company, payable on March 5, 1956 to holders of record on February 18, 1956.

January 25, 1956.

T. S. O'BRIEN, Secretary



THE TEXAS COMPANY

—214th—
Consecutive Dividend

A regular quarterly dividend of ninety cents (90¢) per share on the Capital Stock of the Company has been declared this day, payable on March 10, 1956, to stockholders of record at the close of business on February 3, 1956.

The stock transfer books will remain open.

S. T. CROSSLAND

Vice President & Treasurer

January 20, 1956

Let's Meet Savings and Loan Competition

(CONTINUED FROM PAGE 57)

\$4.5-billion; in FSLIC, \$975,000,000. The ratio of the insurance fund in FDIC to risk assets insured, including borrowing authority, is \$1 to \$10.71; in FSLIC, this is \$1 to \$22.60.

S&L Branches

Federal savings and loan associations have, for some years, been permitted to establish branch offices in states which specifically prohibit branches or where the law is silent as to branches. A sympathetic Home Loan Bank Board in Washington has permitted this, and it is a situation which should be corrected through Federal legislation.

You have been informed, from time to time, by our Division of the American Bankers Association of the progress of this legislation. S.972 was passed by the Senate in June of last year after being amended. It is our hope that H.R. 5710 will be heard by the Subcommittee of the House Banking and Currency Committee so it can be passed during this session of Congress. We have been assured that this will take place, and bankers all over the country have been urged to contact their Congressmen so they will be fully informed on this important bill. We sincerely hope that it will be passed early in 1956 so branches will be established according to the law or practice in the various states.

If You Want Savings Deposits You Must Work for Them

I again ask you this question: "How much do you want savings deposits in your bank?" You can get them if you are willing to work for them. Don't mislead yourself into thinking you don't need them, because you do if you are to carry on a complete and well-rounded program for your customers and your community. Surveys are made, reports go out to our membership, speeches are made, articles are written—all of these are good, but they will not produce results unless you, Mr. Banker, are willing and ready to do something about it. Banks today are in a higher competitive position in the savings field. Your community needs a bank—do your part to promote your institution.



Interior view of Bank of the American Trust Company, Concord, California, showing ceiling of Acousti-Celotex Acousti-Lux® Translucent Panels (Moorish Dome pattern) on an Alumitee® Suspension System. (Right) Night view of bank's exterior. Architect: John Carl Warnecke.

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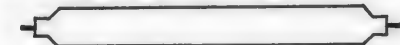
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Controls?

(CONTINUED FROM PAGE 43)

tinuously even though little use were made of it."

On one point there is no argument whatever, namely, that instalment credit has now come to perform a strategic role in our economy. To some, this means that we should be careful not to interfere with its development. To others, it implies that we should take some precautions not to let it get out of hand.

The Problem in Real Estate Credit

Turning to real estate credit, we find quite a different situation. The most striking contrast is that in this area we already have a number of Government agencies which exert considerable influence on real estate credit. The policies of these agencies constitute a form of regulation affecting important segments of the mortgage market.

In this sense, controls over real estate credit already exist. In fact, as long as we have agencies like the FHA, VA, Fanny Mae and the Federal Home Loan Bank Board, we cannot possibly avoid having some regulation of real estate credit.

So the question here is not whether we should embark upon some sort of selective regulation, because we are already embarked. The main problem, many believe, is the extent to which the policies of existing agencies should be coordinated so that they will not undermine the stability of the economy—and how this might be accomplished.

The problem arises because these policies tend to stimulate mortgage credit not just most of the time but under all conditions. At times, therefore, they accentuate inflationary trends. Moreover, they could lead sooner or later to an overbuilt situation which might badly damage our whole economy.

No one contends that economic stability should be the sole objective of housing policy. On the other hand, many thoughtful persons are convinced that the welfare of all the people may be jeopardized if the implications of housing policy for the stability of our economy are completely ignored.

Some of the participants are not greatly concerned about these pos-

sibilities. An eastern bank president states that "it seems doubtful that they will cause serious economic trouble." A midwestern banker asserts: "Since free market forces continue to exert considerable influence on these markets, we see no justification for providing for direct controls over this segment of our economy."

Nevertheless, a substantial majority of our contributors thinks that some sort of additional measures should be taken to reduce the risks involved in this situation.

One potential danger is that the ultra-liberal terms of FHA and VA mortgages may at times generate inflationary pressures and may lead to an oversupply of houses financed under these programs. The great majority of the bankers and economists participating in our survey believe that existing provisions relative to the terms of these mortgages could some day have serious consequences for the economy.

Some think that the best approach to this problem would be simply to revise existing legislation to establish somewhat more prudent maximum terms for Government-endorsed mortgages. This, they believe, would substantially reduce the inflationary dangers in these programs.

Obviously this would not be easy to accomplish. After all, existing maximum terms for FHA and VA mortgages were passed by Congress and it seems clear that Congress is not much impressed by their dangers. And, of course, any attempt to



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establish more prudent terms would be vigorously opposed by powerful pressure groups.

An eastern bank president suggests that the need is "to make a careful and comprehensive evaluation of the dangers inherent in present lending standards, and try to obtain more widespread Congressional understanding of the conclusions of such a study."

Possibilities for Better Coordination

Many bankers and economists believe that this whole problem requires a broader approach. As they see the picture, the basic need is somehow to bring about better coordination of the policies of all Government agencies concerned with real estate credit, including Fanny Mae and the Home Loan banks as well as FHA and VA.







There have been various occasions, of course, when the policies of these agencies have been in direct conflict with the objectives of Federal Reserve policy. Since about mid-1955, for example, the Federal Reserve authorities have been trying to curb bank lending in the mortgage market. During this same period, two Government agencies—Fanny Mae and the Home Loan banks—have obtained funds from the banks by selling them short-term obligations and have then injected this credit into the mortgage market. As indicated by Chart II, the Federal's restrictive policy did not cause any slowing down of the rapid rise in mortgage debt during this period.

How might better coordination be achieved? Many think it would help some if Congress were simply to direct all Government credit agencies to keep their policies consistent with Federal Reserve policy. Most of those who favor better coordination in this area, however, think that some sort of arrangement should be worked out whereby the Federal Reserve would either formulate, or at least formally participate in formulating, the credit policies of these Government agencies.

For instance, a distinguished economist comments that the "vast expansion of mortgage borrowing under the stimulus of Government underwriting points to the need for a top agency that would promote coordination of credit control." In such an agency, he would give the

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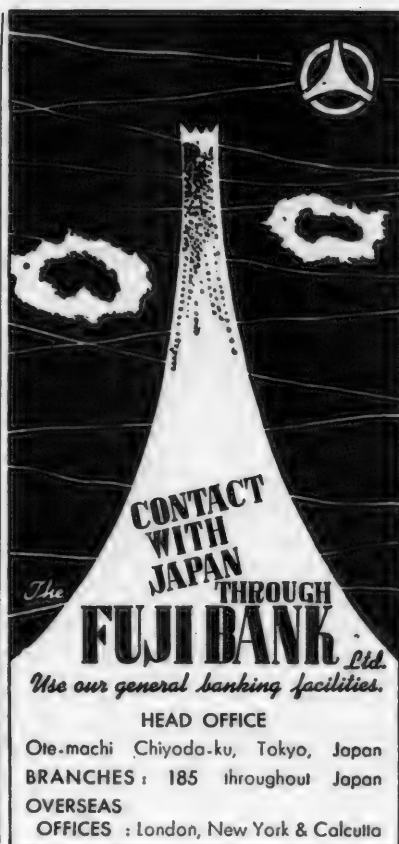
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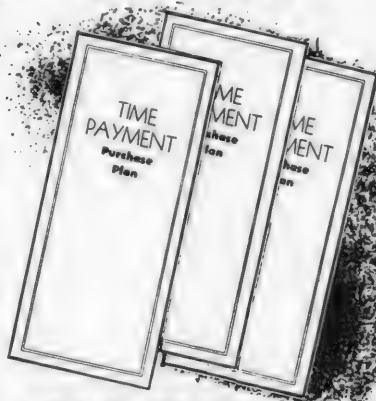
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Federal Reserve a prominent position. He would have the agency play an advisory role, at least to begin with, to see whether satisfactory coordination could be achieved on this basis.

Another economist suggests that the National Housing Council might perform this function if it were revamped to enable the Federal Reserve to exert greater influence on the credit policies of the agencies now represented on the Council.

Others would go further and concentrate responsibility and authority in the Federal Reserve Board. It is argued that, unless the Board has the actual authority, the credit policies of Government agencies will continue to be badly exposed to pressures from various groups.

Are these proposals realistic? Is there any likelihood that Congress might enact any of them? Some think not. To quote the president of a large eastern bank: "It would be highly desirable to have this responsibility centralized in the Federal, but I think there is very little chance of achieving this objective."

The Regulation X Approach

It is partly for this reason that some bankers and economists would approach the problem by giving the Federal Reserve authority to regulate the terms of all real estate credit, including conventional mortgages, along the lines of Regulation X. They believe that this might be more palatable politically and that it would provide the Reserve authorities with an effective method of preventing dangerous excesses in real estate credit.

An amendment to this proposal is put forward by the president of one of the nation's largest savings banks. He urges giving the Reserve Board power to regulate the terms of all mortgage lending, but he would also like to see established an advisory body with representation from the savings banks and the insurance companies and perhaps from certain Government agencies. Such a group might function along the same general lines as the Federal Advisory Council.

A considerable number of the participants in our survey favor giving the Federal Reserve the authority to reimpose Regulation X. Again, as in the matter of stand-by control over instalment credit, support is



"You mean a bunch of grown up men wore hats like this at your convention?"

stronger among the economists than among the bankers.

Some are opposed because they see no need or justification for regulating conventional mortgages. Their view is that sensible policies on the part of Government agencies would go a long way toward preventing serious abuses in mortgage credit and that regulation of conventional mortgages should not be considered at all—or at least not until the credit policies of Government agencies in the real estate field have been better coordinated.

Several of our contributors fear that, if the Federal Reserve were to regulate mortgage credit, it would become subjected to strong political pressures. One economist contends that the result might be to intensify political opposition to all types of credit restraint. Another believes just the opposite, arguing that "the best that general monetary policy has been able to do has been alternately to starve and flood the mortgage market, and this has created a political hullabaloo against all attempts at stabilization."

It is impossible, of course, for anyone to prove just how dangerous real estate credit will turn out to be over the years ahead. This is one reason why most people are not much impressed by the comparatively few voices that have publicly advocated taking precautionary measures.

The Reserve Board itself has shown little disposition to urge an increase of its authority in this area. As long as it seems to be satisfied

(CONTINUED ON PAGE 160)



Ohio National Bank gives revealing report on pilot test of Burroughs Sensimatic

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(CONTINUED FROM PAGE 158)

with its existing powers, the chances of Congressional action appear to be slight. Time alone can demonstrate whether the Board's present attitude toward this question is wise or shortsighted.

Will History Repeat?

There are some who see a parallel between conditions today and during the Twenties. During the boom of the Twenties, we witnessed an overexpansion of credit, especially stock market credit, which led to serious trouble. Today we have again been witnessing an unprecedented expansion of private borrowing, this time featured by installment and mortgage credit. Some fear that this may again lead to trouble.

Indeed, they would push the parallel still further. In 1934, as a result of bitter experience with unbridled stock market credit, we adopted a selective control to keep it from running wild again. Some contend that, unless we soon adopt more selective controls, we may again be taught by bitter experience that they are needed.

Many, of course, think that these apprehensions are unjustified and that the analogy with the Twenties does not apply.

The years immediately ahead may yield the answer. If additional controls are not adopted and if this 15-year-old boom of ours levels off nicely into a period of reasonably stable prosperity, unmarred by further inflation or serious recession, the case for more regulation will not look very impressive. On the other hand, if we do run into real trouble during the period ahead, support for selective controls may be greatly strengthened.

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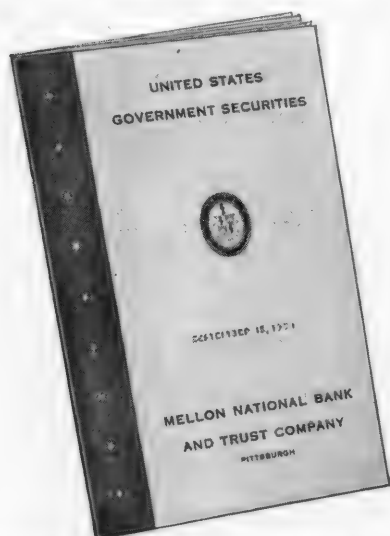
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New Books

Savings Study

A STUDY OF SAVING IN THE UNITED STATES. VOL. III. By *Raymond W. Goldsmith, Dorothy S. Brady, and Horst Mendershausen*. Princeton University Press, Princeton, N. J. 471 pp. \$8.50. Here is the final volume of the Special Studies series covering the years 1897 to 1949. It is divided into six parts: (1) national balance sheets and national wealth statements; (2) family saving; (3) the pattern of estate tax wealth; (4) experiments with the saving function; (5) estimates of national product, national income, and personal income; (6) aggregate value and distribution of nonoperating assets of private nonfinancial nonprofit institutions. The many tables and the commentary add an enormous amount of information to the contents of the first two volumes.

Biography of a Banker

KNOWLEDGE IS POWER. By *Frank Wilson Nye*. Random House, New York, 347 pp. \$5. This is a biography of Percy Hampton Johnston, former head of the Chemical National (now Chemical Corn Exchange) Bank of New York City. Written in a concise, chronological style, it reviews with considerable detail major points in the career of a leading commercial banker. The book is illustrated with line drawings, the handiwork of N. Baxter Jackson, now chairman of the board of the Chemical Corn Exchange Bank.

He emphasizes the humane qualities of a man who for many years exercised a preeminent part in the improvement of commercial banking standards and ethics. Mr. Johnston began business as the lamp lighter in a small Kentucky town, entered banking at age 16, and at 26 became the youngest national bank examiner. His career was continuously marked by study and research and yet was well rounded, as shown by the fact that he distin-

guished himself as a sportsman and civic leader.

Real Estate Loans and Investments

MORTGAGE AND REAL ESTATE INVESTMENT GUIDE (2nd revised edition, 1955). By *Malcolm G. Sherman*. Rapid Service Press, Boston. 317 pp. \$10.00. A summary of the law of the 48 states, District of Columbia, Alaska, Hawaii, Puerto Rico, and British Columbia, affecting conventional, FHA and VA mortgages, with citations to pertinent statutes and court decisions. Designed to serve as a "first legal aid" to bank and insurance company executives and others engaged in the real estate loan and investment field, by giving the answers, or furnishing the starting point for a search for them, the book includes such information as forms and types of title evidence in use, mortgagee's remedies, time and cost of foreclosure, mechanics' and materialmen's liens and open-end mortgages, as well as a 140-page section of the author's "Notes on Legal Questions Concerning Mortgages and Real Estate."

U. S. Business Abroad

THE CREOLE PETROLEUM CORPORATION IN VENEZUELA. By *Wayne Chatfield Taylor and John Lindeman*. National Planning Association, Washington, D. C. 116 pp. \$1. This is the fourth case study in NPA's series, "United States Business Performance Abroad." The investigators find that Creole's story is "practically devoid of the kind of 'exploitation' that some propagandists would automatically associate with large and powerful oil companies dealing with a relatively small and underdeveloped country." Also, it "does not support the contention that extractive industries 'leave nothing behind them but a hole in the ground.'" Rather, living, health, and educational standards have risen, accompanied by gradual evolution of stable, democratic political institutions.

Other Books

ECONOMIC NEEDS OF OLDER PEOPLE. By *John J. Corson and John W. McConnell*. The Twentieth Century Fund, New York. 516 pp. \$4.50. "A comprehensive study of the status of our older citizens and public and private means of meeting their economic needs."

BUDGETING FOR PROFIT. By *William E. Thomas*. University of Illinois, Urbana. 55 pp. \$1. This pamphlet is for operators of small and medium-sized businesses that are not now budgeting. Various budgeting procedures are described.

TRADE AND WELFARE. By *J. E. Meade*. Oxford University Press, New York. 614 pp. \$7.20. This is volume 2 of "The Theory of International Policy." The author considers the "welfare" arguments for and against direct controls by the state over international trade and international movements of labor and capital. The argument is explained by mathematical illustrations, and there is a mathematical supplement (\$4) to this volume, explaining the analysis.

PERSONAL FINANCE. By *Elvin F. Donaldson*. Ronald Press, New York. 584 pp. \$6. Second edition of a college text that covers budgeting, saving, borrowing, investment, insurance, Social Security, wills and trusts, home buying, etc. Reflects developments since 1948 when the first edition was published. The author is professor of finance at Ohio State University.

THE GREAT PIERPONT MORGAN. By *Frederick Lewis Allen*. Bantam Books, New York. 50 cents. A reprint in the publisher's new series of biographies.

HOW TO GET BETTER SCHOOLS. By *David B. Dreiman*. Harper, New York. 267 pp. \$3.50. Tested methods evolved by the National Citizens Commission.

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5 p.m., July 14: Mrs. Dennis shopping in Baltimore department store.



5:15 p.m., July 14: Mrs. Dennis discovers loss of pocketbook containing Travelers Cheques.



5:25 p.m., July 14: She returns to store to find pocketbook gone.



9 a.m., July 15: Mrs. Dennis explains loss and urgent need of funds to American Express office in Baltimore.



10 a.m., July 15: She receives full refund in new Travelers Cheques.



12:00 noon, July 16: Mrs. Dennis boards ocean liner in New York... sails for Greece.

Two days before sailing for Europe, Mrs. Charlotte Dennis* mislaid her pocketbook while doing some last-minute shopping in a Baltimore department store. The pocketbook contained all of Mrs. Dennis' travel funds—\$350 in American Express Travelers Cheques which she had purchased at the suggestion of her bank. Upon discovering her loss Mrs. Dennis returned to the store, but the purse could not be found. The next morning she called up the American Express office in Baltimore to report the loss. She explained the situation was urgent, as she was sailing from New York the next day for a three-month trip to Greece. Within an hour, Mrs. Dennis received a full refund of \$350 in new American Express Travelers Cheques. She was able to sail on schedule, losing neither time nor money, and her bank had retained the good will of one of its valued customers.

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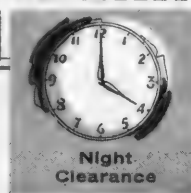
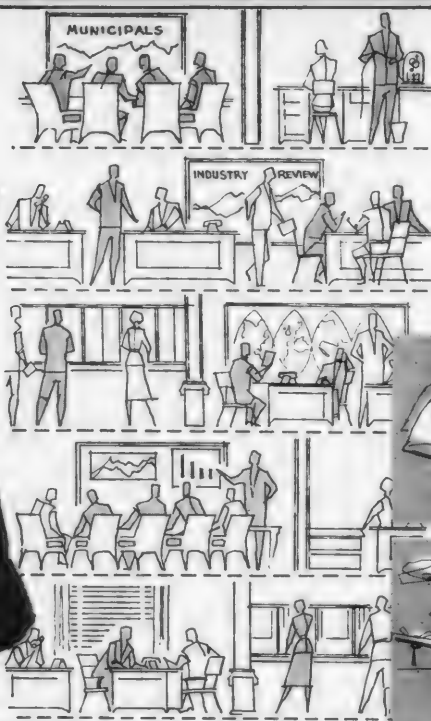
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(CONTINUED FROM PAGE 30)

LEONIS C. MALBURG was elected president of the First National Bank of Vernon, Calif. JOHN A. LIFUR was elected vice-president, and TIMOTHY E. RYAN, cashier. MR. RYAN is an alumnus of The Graduate School of Banking.

MARSHALL C. TYNDALL, SR., was elected a vice-president of Equitable Security Trust Company, Wilmington, Del. He's an alumnus of The Graduate School of Banking.

At The National Bank of Washington, D. C., AUBREY O. DOOLEY was elected a vice-president in addition to his present title of trust officer in charge of the trust department. JULIO ERNESTO HUERTEMATTE was elected vice-president in the new foreign banking department. MRS. FONSIA K. ALDEN and P. BAXTER DAVIS were named trust officers.

The Portsmouth (Ohio) Banking Co. announces these promotions: HARRY H. COLBURN, executive vice-president; EVERETTE R. WILKERSON, vice-president; CECIL A. JOHNSON, cashier.

OSCAR MONRAD, vice-president of the First National Bank & Trust Company of Oklahoma City has received from Governor Raymond Gary an industrial development citation for his work in boosting existing industries and for helping bring new industries to Oklahoma.

S. BOYD GUNNISON was elected chairman of the board of The Union Bank, Erie, Pa. He is succeeded as president by ALFRED J. HARTLEB, formerly executive vice-president.

THOMAS C. FRYE was elected to the new position of first vice-president of The Idaho First National Bank, Boise.

RALPH V. HAGEN was named president of First Hennepin State Bank, Minneapolis.

When the 28-story \$10,000,000 building for FIRST NATIONAL BANK OF DENVER is completed it will be Colorado's tallest building.

HORACE S. STEWART, SR., has resigned as a director and as chairman of the board of the Merchants National Bank of Bangor, Maine. He had been with the bank since 1920. HORACE S. STEWART, JR., formerly trust officer, has been named vice-president.

R. M. WATERS was advanced to president of the Security Trust & Savings Bank, Billings, Mont., succeeding O. M. JORGENSEN, president for 14 years, who was named chairman of the board.

JOHN W. HOSTAK was named president of the State of Kewaunee, Wis., succeeding the late V. H. JANDA. JULIUS P. STANGEL was elected vice-president.

HOWARD T. FULLER, president of Illinois State Bank of Quincy, was elevated to chairman and FRANK STRIEBY, executive vice-president, succeeded him as president.

JOSEPH C. SOMMER has been named president of the Canton (Ohio) National Bank, succeeding HARLEY J. FAST, who has been named vice-chairman of the board.

FREDERICK E. HUDSON was elected president of the Second National Bank of New Haven, Conn., succeeding LOUIS L. HEMINGWAY, who was elected board chairman.

W. S. HILDRETH, president of The Peoples National Bank of Charlottesville, Va., was elected to the additional position of chairman of the board.

At the Hartford (Conn.) National Bank and Trust Company, RICHARD B. REDFIELD was promoted to vice-president and trust officer; CARL W. TREWHELLA and ALLAN J. CALDWELL became vice-presidents. MR. TREWHELLA is a past president of Hartford Chapter, American Institute of Banking.

OLIVER W. BIRCKHEAD has retired as chairman of the board of National Bank of Westchester, White Plains, N. Y. RALPH T. TYNER, JR., president, has been named chairman and president. EDWARD P. PREZZANO was named vice-chairman, and is succeeded as chairman of the executive committee by JOHN E. LOCKWOOD.



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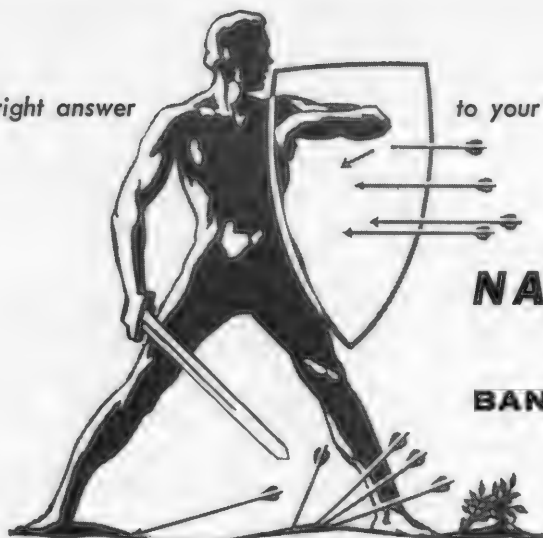
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BANKING'S ADVERTISERS

March 1956

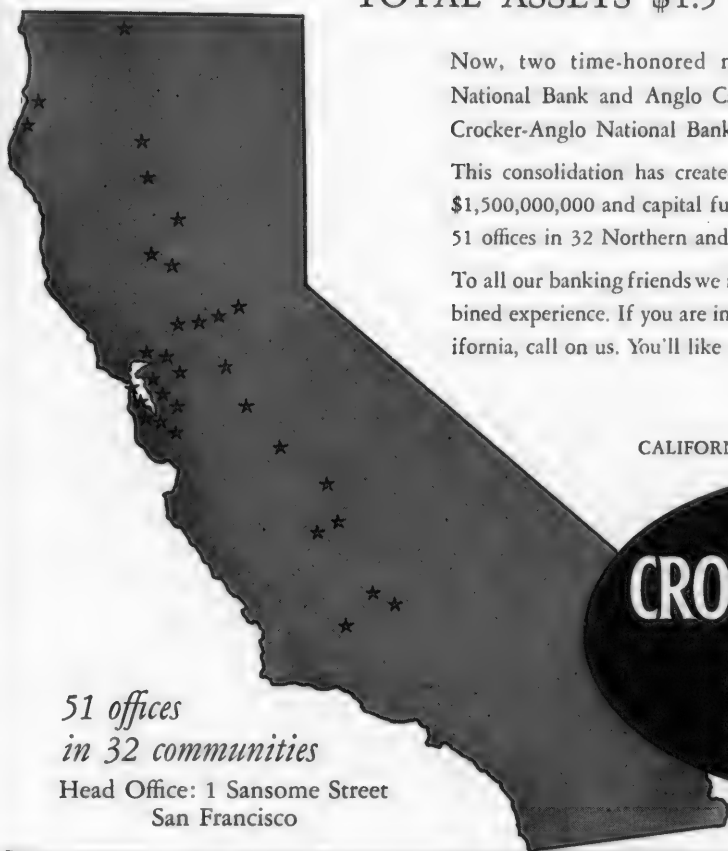
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The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 33)

percentages and percentages of percentages, it can be shown that we have too much debt and that the debt is dangerously low in relation to something or other like the standard of living we all yearn for and deserve.

Conspicuously Missing

FOR an election year, political consideration seems conspicuously missing from comments by most observers of the business scene. The reason is probably that the policies of both major parties are well known and both are on the inflationary side. No Gallup poll is needed to prove that the man in the street expects to live in his customary inflationary style no matter which party wins.

Business, of course, will operate these next few months in an atmosphere crackling with political arguments and issues having more or less, direct or indirect, economic significance.

There will be apprehension about the East-West tension and further inroads of Communism in the Middle and Far East. There may be grand debates about the encroachment of the Supreme Court and the quasi-judicial Federal agencies on the legislative function and the rights of states; about the Bricker Amendment designed to prevent encroachment by the executive on the legislative function; and about foreign policy generally; for instance, the question whether people and policies under which we have been advancing rapidly to the rear for 20 years, can be expected to win the cold war. But there is nothing in the political picture to indicate a change in this country's and the world's inflationary psychology.

Most signs are bullish. The steel industry plans to add another 15,000,000 tons to the nation's steelmaking capacity within the next three years with more to come later.

This increase, already under way, will be at the rate of about 5,000,000 tons a year. It represents a sharp stepping up of the industry's expansion over the past ten years which was at the rate of about 3,500,000 tons annually.

Since the end of the last war, the steelmaking capacity of the industry has been expanded by 36,000,000 tons, or 40%, to a total of 128,000,000 tons annually. The additions planned would bring the aggregate to 143,000,000 tons.

Interest Rates and Debt

THE question of interest rates still is one of the predominant factors in the economy. The demand for commercial and industrial loans is the reason for it. Since the reporting method was changed by the Federal Reserve System to show weekly averages of daily figures, in addition to week to week changes in major items, the emphasis has been placed on the "trend."

Up to this writing, the trend seems to be one of considerable demand for bank credit. The year 1954

saw a rather sharp decline in loans and, as a result, 1955 was marked by a sharp increase. However, the recovery from the slight recession in 1954 was such that the comparisons were slightly distorted.

The alarm over consumer and mortgage credit expansion is confined chiefly to government agencies which take a grave view of the situation. Private organizations with things to sell see no cause for concern and are calling on Washington to abandon its restrictive credit policy. (On page 58 there is a symposium of current views on this subject.)

Both private business and the Federal Reserve System may be right, in part. Finance and industry usually have faster and, perhaps, more accurate figures on day to day developments in their own fields, while statistics collected by the government often lag weeks behind actual developments.

This accounts for some discrepancy of judgment. Barring these minor differences of opinion, both private enterprise and government have one common cause, the betterment and improvement of the U. S. economy.

Soft Spots

THE problem of agricultural overproduction remains unsolved. The 1955 cotton crop may run to 15,000,000 bales, or to some 400,000 bales more than was estimated. Production of cotton outside the U. S. rose 1,200,000 bales to 25,900,000 bales and wheat output in other countries, with increasing rehabilitation from war devastation, gained 400,000,000 bushels to 6,400,000,000. All this presents a problem which cannot be solved overnight.

Credit and fiscal authorities are between the devil and the deep sea. They are caught between fear of inflationary forces in the industrial price structure and the deflationary trends in farm prices, automobiles and housing.

Despite the unquestionable evidence of general prosperity reflected in rising personal income, increased spending by Government, industry and individuals and prospective wage increases, the pattern is still somewhat checkered. Labor sources report that in the first month of the year the U. S. Bureau of Employment Security classified 19 of 149 major industrial areas as having substantial labor surpluses.

WILLIAM R. KUHN

THE FAMILY DOLLAR

FOR SPRING 1956 →

Send for free kit on point-of-sale controlled circulation plan. You have choice of 22 A.B.A. ads (see sample FD-19) for back cover of any issue. Bank imprints appear on both covers.

AMERICAN BANKERS ASSOCIATION
12 E. 36th St., New York 16, N. Y.

The Family Dollar



Your Financial Health!

Who Wears the Check Book in Your Family?

Do You Know What Banks Can Do for You?

Why Are Banks the Best Places for Savings?

Handling Money Helps Teen-Agers Grow Up



"Who'll I make the check out to?"

WE OPENED our daughter's checking account at our local bank today. We had been planning it for several months. Her own checkbook was ready with her name printed on each check, just as she wanted it. Today was the day we had been awaiting. We didn't open this account at the regular desk. We went right to the manager. You see, this was a special occasion. It was our daughter's birthday. She was thirteen years old today. Now she's a teen-ager!

The checking account had been discussed thoroughly before we took this step. The amount to be deposited in it each month and the items to be purchased through it had been determined. Of course, there was a modest amount above

the designated expenses. She would be little more than a distributing agency without a small surplus. Planning is possible only when there is a flexibility that makes choice possible.

We were quite surprised last September when we had opened this subject with the bank manager. We discovered that savings accounts for teen-agers were quite common, but few parents had sought a checking account for them. When we explained our reasons, including the fact that handling a checking account would be a part of her school curriculum for the year, he became quite enthusiastic. He agreed that it was high time we emphasized that school studies were also related to

the day-to-day life of teen-agers.

Today he was just grand, and our daughter was thrilled with his attention. She walked out of the bank with a new friend, a new confidence, and a new responsibility. That's a pretty good return on the small cost of a checking account, but that is only the beginning. Maybe you would like more of the story. At least, we can give our reasons and then you make your own decisions for your family.

A large part of our reasoning was based on our philosophy of the place of the home in the life of the child. We view the home as the primary agency to help the child move from dependency to the place where she can stand on her own

NATIONALLY
KNOWN
AUTHORITY
ON YOUTH
GIVES
HIS DAUGHTER
A
CHECKING ACCOUNT

by Clarence G. Moser

feel and accept responsibility for her own decisions. We were hardly prepared for her to grow up so fast.

We had become accustomed to thinking of her as a little girl. Then suddenly one day we realized we had a young lady in the family. When we raised the question of shifting from a weekly allowance to a checking account, she was happy and we were pleased.

Perhaps many of us enjoy our children's dependency too much, and we tend to delay their growth in independence. But years race past, and ready or not, they must step out into the world with the experience they have had, and society expects them to give a good account of themselves.

Few things in our culture give us the feeling of independence as much as money, and few things respond as swiftly or as accurately to the degree of responsibility we have displayed.

We expect our daughter's checking account to provide excellent opportunities for guidance and training in an area of life which is left largely to chance. Where do young people get experience in handling money? Of making it do their bidding? Of serving them? Should families wait until children leave for college or begin to work and have them learn without guidance?

We are prepared for errors in judgment. We should expect that children will make mistakes until they have experience, but isn't it better for them to make mistakes with small rather than with large amounts? Several of our friends who have waited until their sons were in college before giving them their first checking account have found it most expensive. Testimony from hundreds of youths indicate an eagerness to handle money of their own. (Surely a checking account is better than a bureau drawer or an ever-handly piggy bank.) We are sure a check-

ing account will save money not only now but in the future. Young people continually say this is true. A good example is a high school boy's recent response when questioned about getting a new suit for Christmas. He replied, "If my folks were buying my clothes, I'd make them miserable until they bought a new suit for me, but I'm buying my own clothes now, and I can't afford it."

Money Is a Tool

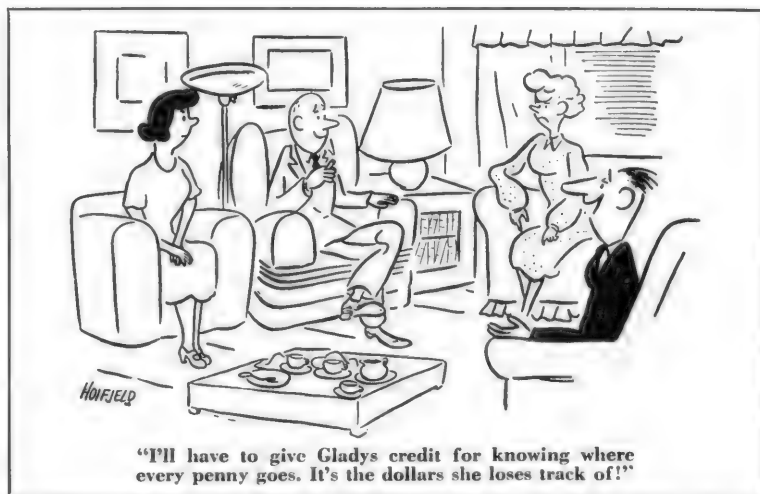
To us, a share of the family income is a necessity and a right of the child. By the same necessity and right, a share of the responsibilities also fall to all the members of the family. When the child is small, the amount of work and money is usually determined by the adults. Many parents interpret the allowance as a return for household chores. The adolescent prefers to be considered a partner in the family enterprise and longs to be treated as a partner. This requires planning together, not being treated as a little child. Since money is involved in so many phases of family planning, the adolescent can gain a new insight in family living as his partnership is discussed. He then discovers that money is a tool not held by those who earn it, but shared and used according to need. It is one of the strengths that we

share with others, the same as love.

Parents who would be the most helpful to their children must cooperate with the child in his or her growing up. Children are not small adults. There are definite stages through which they grow, each with its own characteristics. They are persons somewhere along the way toward growing up. Neither are they a blank page awaiting assignments from adults for something to do. They are busy with their own curriculum thrust upon them by their own developing body and by the culture in which they live.

In teen-age, nothing presses harder on the adolescents than their eagerness to grow up and their anxiety about their ability to become adults who will be able to contribute to life and become responsible persons. These are desirable goals, and thoughtful parents will want to support and encourage them in these endeavors.

We gave our daughter a checking account because not only will it contribute to that grownup feeling but because we believe it will provide unusual opportunities for counseling and family "togetherness." At teen-age one ties the family together by holding the reins more loosely. Families are tied by love and confidence, not by apron strings.



A Great Adventure:

THE UNITED STATES Bureau of Vital Statistics has recently released the following not-so-vital information.

1. The total population of the United States—approximately 170 million strong—is composed largely of men, women and children.

2. People will die this year and people will be born. About 50 per cent of the people involved in each activity will be male. The remaining 50 per cent will be female.

But these amazing facts mean comparatively little to the average parents. They want to know what their new baby can look forward to. They want to know

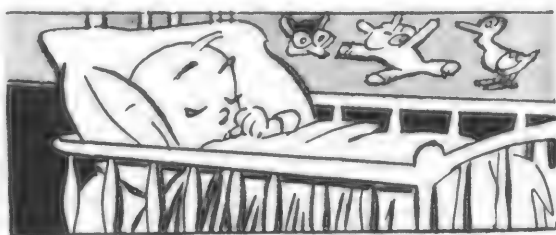
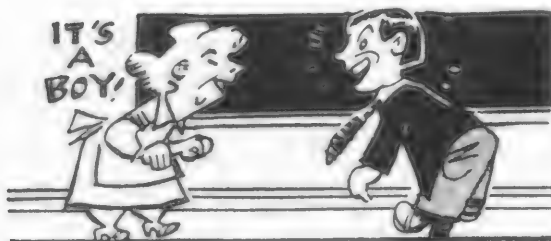
what he can expect in the next seven decades of life.

Here's what will happen:

The first thing that John Q. Baby can look forward to is a spanking. A giant-like figure in a white uniform holds him aloft and spansks him.

A fine reward for being born! John howls his protest at the rank injustice of it all. In so doing, he takes his all-important first breath.

The nurse rushes into the waiting room and lets John Father in on the news. Hearing of his great personal victory, John Sr. stops walking a groove in the waiting-room floor. Instead he trots to the nearest drugstore where he invests \$2.25 in a box of cigars.



While papa fights his sense of pride, John Q. Baby is involved in a much more serious battle. He is fighting for his life against thousands of enemies—all eager to attack.

The baby killers are led by premature birth, the cause of fully half the infant deaths the first year. A majority of the remaining deaths are attributable to injury at birth or congenital malformation.

And the very first day will be the hardest. One third of all infant deaths occur on the first day of life.

Were this rate to continue for three months, not a child would live.

Once past the first day, Baby is allowed to breathe more easily.

All told, 78,000 babies will die in the United States before their first month of life passes. This is more than twice as many who die in the remaining 11 months of life's first year.

Once past the first month, baby's life becomes more or less a routine affair. A majority of each day is spent

from the First Spank

in the sack, sound asleep. Baby will progress from bottle, to mash, to solid food. He will grow rapidly.

The dangers in life will be reduced. Until he learns to crawl, Baby's greatest enemy will be an occasional misdirected safety pin.

He will crawl. He will walk, then run. And one day he will be four years old.

By this time he will be quite a battle-scarred veteran. He will have received minor injuries in the bedroom, the bathroom, the kitchen and the cellar.

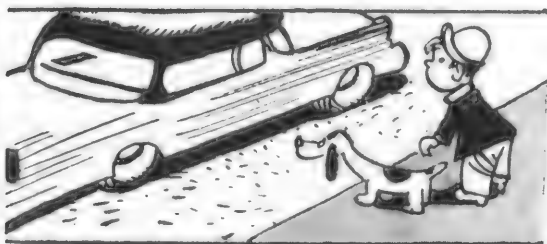
He will also be a major investment for his mother and father. He will have consumed hundreds of jars of

baby food, hundreds of quarts of milk and three buttons. He will have outgrown 20 pairs of shoes at a cost of over \$150.

Two years and 10 pairs of shoes later he will enter first grade. His mind will grow to keep pace with his body. His enemies will be more subtle.

The common automobile will be the greatest cause of death—accounting for one fourth of all casualties for children between the ages of 5 and 14. Drowning will be his next great enemy and burns will rank third.

But chances are, he will survive. And, at the ripe old age of 18.2, he will receive a high school diploma.



Exactly four years later he will marry. His blushing bride will be 2.3 years younger than he is. Two years later—with the aid of his wife—he will father a child.

And when he is 32.2 years old, he will be the average American male. Standing 5 feet 10 inches tall, he will weigh 165 pounds. He will wear a size 40 suit, a 7½ hat and a 9D shoe.

He will own a \$10,000 home. And he will have 1.2 children. In his garage will be a car celebrating its second birthday.

And he will grow old. While he is married John Q.

Man will earn \$120,000. But he won't save much of it. One third will go toward the food bills and one fourth of his money will be spent on housing. He will live longer than his father. He will die in the knowledge that his son will live longer than he did.

He will live long enough to see his grandchildren grow up, maybe long enough to see his great-grandchildren start life.

But at the ripe old age of 66.6 years, John Q. Man will die. His wife will go on, not leaving this life until after her 72nd birthday. *From NEA Service, Inc.*

We Asked for It!

by John L. Cooley

TAKE IT from The Family Dollar, banks are interested in what people know and think about the banking business, and what they expect of it. In fact, banks are so interested that every now and then they go straight to the people to find out, as in this recent panel discussion in New York. The customer, you see, is boss!
NOTE: Space permits us only a very brief sample.

AT THE HEAD TABLE in a New York hotel room sit six people: a bride, a housewife, a businesswoman, a lawyer, a businessman-farmer, a salesman. They constitute a panel to answer questions, not for \$64 or \$64,000, but for fun—and perhaps a big red apple.

The questions have been proposed by bankers across the country, many of whom are in the audience. These men want this sampling of public opinion as a guide in helping their banks serve the public better. It looks interesting, so let's listen in. The moderator is just asking the first question:

"Where would you go for a \$1,000 home improvement loan?"

That's easy. Everybody says "To a bank." All the bankers beam, and there's a general distribution of apples.

Banks Inspire Confidence

"Why?" queries the M.C. The businesswoman (a widow) has the first answer: "Because I have confidence in it. When I became a widow, bankers did many things for me." The young salesman says he has a feeling, though he can't quite express it, that a bank is a place to borrow.

"How many of you own bank stock?" asks the moderator. Nobody. "All right, would you buy bank stock if you had some money to invest?"

Businessman (emphatically): "Not after my experience."

Lawyer: "I'd have no objection. It might not be the best investment in the world, but I'd consider it sound."

Next question. *"Are bank mergers good or bad?"*

Lawyer: "Probably good. They lead to more efficiency, provide more convenient service."

And why do banks merge? "To make more money," suggests the lawyer. Bride: "I'm not concerned."

Here comes a good question: *"How does a bank make money?"* "By its investments," says the housewife, and the others agree.

Loan income doesn't figure in the panel's thinking on that one.

How about the banker's profit? Is it too high? The housewife suggests that if she sees a banker of her acquaintance living pretty well, she may wonder if the bank is making a lot of money.

The Little Keys

How many understand bank service charges? Only the attorney, although he had to ask his bank to explain them. The housewife observes that "the little key letters at the bottom of the statement sheet tell whether I'm under or over."

"Under or over what?" probes the moderator. "Drawn," amends the little lady. She adds that she's not just sure what all the "little key letters" mean.

And now that old question about bankers' hours. What are they, really? The answers range from 8:30 to 5 o'clock. The housewife—she's quite articulate—inserts "with an hour and a half for lunch." The businesswoman is kinder. "They work long hours," she says, and so she gets the shiniest, biggest apple from the moderator.

Some of the questions take a different tack. *"When did you last read or hear of a bank in the news?"*

The bride is sure one was mentioned in the Brinks case. The housewife read about the promotion of some bank people in her local paper. The other four don't remember. Nobody recalls the story that received nationwide prominence a month ago—the bank that gave a horse to a girl, who had bid \$24.03 for Nashua.



They answered questions for fun . . . and an apple

Everybody remembers the last time he or she was in a bank, and for what purpose. Four of the six have borrowed from a bank at one time or other; none would have any reluctance in asking for another loan.

"Are banking hours convenient for you?" queries the M.C.

"Yes," says the salesman. The housewife objects. They are *not* convenient, she says, to mothers who don't get a chance to get out until the banks are closed.

Lawyer: "It's the hours they're *not* open that count!"

Four of the panel are against Saturday closing, but all agree with the voice from the audience: "It depends on whether you work for a bank!"

Only Housewives Work

"How many of you work Saturdays?" asks a banker in the audience, and the housewife alone holds up her hand.

"Do you think bankers are community leaders?"

Bride: "Gee, I don't really know."

The other five say "Yes." Somebody remarks that the size of the town has an important bearing on this one.

The moderator asks "What is the fiduciary obligation of the trust department when the customer has succumbed," and so on, far into some highly fictitious trust jargon.

"That's not fair!" exclaims Mrs. Newlywed, and then laughs with the others when she sees the question is not intended seriously.

Who pays the bills in each household?

"My husband," says the bride, who seems to be getting a lot of the attention. "He pays all of them." (There's a laugh when a wag hopes she'll always be so trusting.)

If the figures and written amount on a check don't agree, which sum does the bank pay? Housewife: "They send it back." Salesman, hesitating: "What's written?" He wins an apple.

Is a bank a good place to work? Oh yes; it has "prestige."

What percentage of personal loan applications is turned down by banks—50, 60, 15 or 5 percent? The salesman says 5; the wife 25 to 30; the businesswoman doesn't know; the others answer 15—the consensus of the audience.

There are other questions on such matters as whether pennies are legal tender, whether a bank can refuse to honor a check presented three months after its date, whether any of the paneleers know a banker on a personal basis.

When it's over, everybody agrees that the hour's been informative and profitable. It was even edible for those who like apples.

FAMILY DOLLAR NEWS

Home Improvement Heads the List



DO YOU OWN a cottage or a castle? In 1956 it won't make much difference, because you, as a *homeowner* will find yourself the center of interest all through the year. This popularity will cost you money, but if you plan wisely, your investment in your home may very well make 1956 one of your best years.

Contest for 1956

Better Homes & Gardens magazine is sponsoring a year-long home improvement contest, with prizes totaling \$25,000. It has been planned with great care and all sorts of information is available to anyone entering the contest. A 4-color, 32-page "Contest Ideas" booklet is cram-full of hints—for remodeling inside and outside, adding gardens or redesigning old ones. And since financing also takes skilled planning, two pages of the booklet provide information on types of loans available, costs, kind of security required, and where loans can be arranged.

For official entry form and booklet write to The Contest Editor, *Better Homes & Gardens*, Des Moines 3, Iowa.

that finance them. This means that each improvement plan should be conceived as a sound investment for the homeowner, that banks give constructive help to the borrower to insure that the credit burden is not excessive in relation to his ability to pay, and that the homeowner receives real value for the cost he incurs."

A. B. A. Statement on OPERATION HOME IMPROVEMENT

SPEAKING before an assembly of bankers in Kansas City, Missouri, recently, Fred F. Florence, president of the American Bankers Association, said, "The goal of *Operation Home Improvement*, launched by the United States Chamber of Commerce, and designating '1956 the Year to Fix,' is the repair and modernization of existing housing facilities. It is a desirable objective that deserves the intelligent support of bankers. Especially in these times, when our economic resources are so fully employed, a most desirable way of lifting our housing standards is the improvement of existing homes, since fewer scarce materials

and less labor are likely to be used than in new ones.

"Homes that are modernized and in a good state of repair are an asset to the community and to the citizens who live in them. They are a source of happiness to family life.

"Bankers have an exceptional opportunity for community service by financing home improvement on a sound basis. *Operation Home Improvement* can be truly successful only through the highest standards of public responsibility of all groups concerned: the manufacturers and distributors of materials, the contractors making the improvements, and the institutions

== So This Is 1975, with a Big IF ==

HERE is the start of a script of a movie film in color and sound produced by the U. S. Chamber of Commerce:

By midnight tonight, 11,000 babies will have joined the national cradle roll since 12 o'clock last night. That's our current rate of growth—77,000 new citizens every week.

If the present birth rate continues we'll have 221,000,000 people by 1975. The increase in population is going to bring countless problems: we'll need more food, more shelter, one million new jobs every year because that many new persons will enter the labor market annually.

Tomorrow's Dreams

High birth rates have brought misery, chaos and starvation to many countries. But not to America! We have the free enterprise system, geared to grow as our population grows. If we keep this system unhandcuffed by Government controls, 1975 will find us in an era of technological advancement far ahead of today's wonders—which, incidentally, were the dreams of yesterday.

The narration from here describes all the vast changes in living and working conditions promised for the next 15 years and concludes on this note:

These developments of tomorrow will provide new jobs, keep our economy dynamic, our country moving ahead, *provided:*

We continue to give men and women incentive to work and produce . . .

We make it possible for people to save part of their earnings . . .

We make it profitable and worthwhile for them to invest their savings in productive tools and equipment!



Herk's Unfortunate Quirk

FOR TWENTY years Herkimer Hawkins worked in a first-class hardware store. He learned everything there was to be learned about operating such an enterprise. He saved some money and established an excellent reputation. And finally he decided to open his own hardware store.

So Herk rented a place in which he installed the finest and most complete selection of hardware in the whole county. If a person wanted hardware, wanted to choose from a complete selection, and to be served by a willing and interested proprietor, he really should have visited Herk's new store.

But Herkimer had made a couple of mistakes. In the first place, his store was on a side street. In the second place, no signs appeared on his door or on the display windows. And Herk did no advertising. So there he was! He had the best hard-

ware store in the entire locality, *but nobody knew about it.*

There are a good many young people—and some who are not so young—very much like Herk. They have worked and studied and acquired plenty of specialized knowledge and training. They know law or accounting or economics or a combination of those or other mental and physical skills. They have much to sell, but they have ignored preparation in the science of selling. A person can be the world's best doctor, lawyer, businessman, or artisan—the world's best anything—but that will be utterly useless if it is known to him alone. In other words, successful careers are the result of two steps. The first, as we have seen, is to *get something to sell*; the second is to *sell it*.

From *You and Banking* by J. Stanley Brown, published by The American Institute of Banking.



"New secretary?"

The Inquiring Customer

These are typical of the questions people often ask about banks and banking. THE FAMILY DOLLAR furnishes the answers . . .

- Q.** *May I endorse my husband's name on his check?*
- A.** It may surprise some wives (husbands, too) to learn that they are really forgers when they endorse the other's name on a check. When presenting a check to another, or for cashing, always be sure it is properly endorsed by the one named on the face of the check.
- Q.** *This is a Government check. Why doesn't the bank cash it without question?*
- A.** A Government check isn't cash. It is an order to pay a definite sum to a specified person. The Government insists that banks make sure the proper person gets the money, and that the check is genuine.
- Q.** *How can I be sure no one will alter my checks?*
- A.** One way is by always using ink. Start writing the payee's name, and the amount in words, at extreme left of the space provided, to prevent the addition of other writing. Then following the name and written amount put heavy, wavy lines so no one can add anything. Sign with your usual signature.

How to Keep

Household Records

BANK CUSTOMERS will be interested in a forthcoming article to appear in the March issue of RED-BOOK magazine, entitled "How to Keep Household Records."

The article contains information on the subject of maintaining family records in safe deposit boxes in the bank as well as at home. It provides suggestions on papers to keep as well as those to be discarded.

In addition, it includes a chart as a guide to a personal inventory of household possessions and steers readers to banks for further inventory booklets.

The REDBOOK article was written by Morton Yarmon as a special feature on family finance.

A woman buys a pocketbook to match her shoes and a man buys shoes to match his pocketbook

★

A banker declares it's foolish to keep money around the house. It's not only foolish, but impossible.



"Jim insists we live within our means. How did you handle dad when he was like that?"

Life Insurance Cut to Fit

HERE ARE the four most common types of life insurance:

Endowment. This policy has a maturity date. Until the specified maturity date the person owning the policy is insured, and at maturity the amount of the policy will be paid to that person.

Limited payment. This is somewhat similar to an endowment, in that the person need not pay any premiums after age 65. The insurance is then fully paid up, and the insured can decide whether to take the cash value of his policy, or allow it to remain as protection for a member of his family in the event of death.

Straight life. A young man just beginning his career may find this best suited to his financial abilities. On this policy he will pay premiums throughout life, but it, too, has cash values and can be turned into cash when the need for protection of others no longer exists. The premium on this is lower than on the first two types.

Term. This type is taken usually for a short term of years, and is intended to provide special protection under special circumstances. Such a policy has neither cash nor living values.

Life insurance should not be thought of as a one-time purchase. A young man may buy a modest straight-life policy when he is 20. At the time of his marriage and the birth of his children he will want to add to his protection. Later he may wish to adjust one of his policies to his own needs. Through the years this man will be building an insurance program which will be flexible and designed for his special needs.

TV FAMILY CIRCLE

HERE'S A CHANCE to check your TV habits with those of people in Videotown, a testing laboratory for close study of the television audience.

Actually, Videotown is New Brunswick, New Jersey, a city of about 40,000, located 30 miles southwest of New York City. Cunningham & Walsh, Inc., the advertising firm, selected it as the guinea pig because it's an independent, self-contained market.

Until 1953 television had levied rather heavily on the social and leisure time of families. That year, however, marked a turning point. Movie attendance and magazine reading then showed their first increases since TV's appearance as a competitor—and this trend has continued.

Mom and Pop Best TV Fans

Mother and Dad are the most ardent TV fans; they spend more than 15 and 14 hours, respectively, in front of the set from Monday to Friday evenings.

The younger children watch for 11 hours a week in the afternoons and early evenings of those days.

Teen-agers, who have other interests, see some program nearly every evening for a total of 12 to 13 hours weekly.

Daytime viewing showed a downward trend for 1955. Afternoon viewing followed a similar pattern.

Dad Wins Out

About 30% of the Videotown families sampled last year admitted that there was some dissension in the choice of programs.

"Surprisingly," says the report, "father exerts enough influence to permit him to watch the fights and ball games. He ruled in over half the cases where his favorite sports

program was opposed by favorites of others in the family.

"Mother's wishes won out in over a quarter of the cases; the children had their way in the rest of the homes." However, they were usually permitted to watch their choice of early evening shows.

"The past four years," concludes the report, "have been characterized by continued entrenchment of tele-

vision as an established habit and by readjustment to permit both the enjoyment of television and a return to other important leisure activities.

Color sets, acceptable in price and screen size to the general public, when they become available in quantity, will probably bring about further adjustments, primarily in program selection.

A Banker Measures a Credit Risk

HOW DOES A BANKER decide whether a would-be borrower is a good credit risk?

A midwestern banker, explaining to a group of accountants how a bank judges a credit risk, made the point that there is a difference between credit analysis and statement analysis. He was discussing loans to business, rather than loans for personal purposes.

But whether the need is business or personal, a banker must take three different factors into consideration when judging a loan request.

The first element is *character*. In the case of an individual, it is quite obviously the character of the person applying for a loan.

The second factor is *economic*. If the loan is a personal one, the

banker would be likely to ask such questions as: does the applicant have a steady job; has he other debts to pay; is the loan to be used for a worthwhile purpose?

The third factor is *financial*. In the case of a business loan the lending officer can obtain a financial statement showing detailed operating conditions of the firm. For a personal loan an individual's bank book might be called his financial statement.

There is one other important factor—an unchanging, always-present consideration in the banker's mind: *his responsibility for other people's money!* The money he lends is the money that has been deposited in his bank. He never forgets that his responsibility is to the depositor and the community.

CURRY ON THE SIDE

Father: And when he proposed, did you ask him to see me?

Daughter: He said he'd seen you, but he still loved me.

★

Reader: Do you make up these headlines yourself?

Editor: Yep, out of my head.

Reader: You must be!

Visitor: And what are you going to do when you get as big as your Mother?

Little girl: Diet.

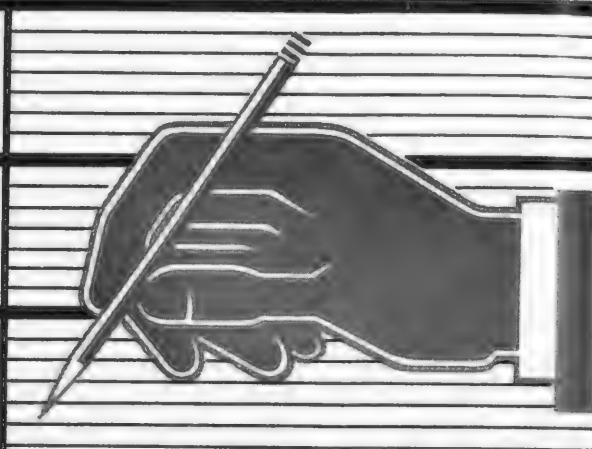
★

Message on a post card a psychiatrist received from a vacationing patient: "Having a wonderful time. Why?"

Available Free from the Treasury

TO HELP YOU keep the records you need for Federal income tax purposes the Treasury Department has prepared a folder, which you may obtain free from the U. S. Internal Revenue Service. The folder has four pages measuring 8" x 10½" (reproduced below and on page 13). It provides a convenient way to record deductible contributions, expenses, taxes and the like; also losses from fire, storm or other casualty.

PERSONAL EXPENSE RECORD



FOR FEDERAL INCOME TAX

It's Good Business To Keep Records—The Federal income tax law gives you an option of deducting certain personal expenditures such as charitable contributions, interest, local taxes, etc., or of claiming in lieu thereof a "standard deduction" of approximately 10 percent in determining the amount of your taxable income. For many of you, the itemizing of such deductible expenses may mean a considerable reduction in your tax bill. However, in order to take advantage of these deductions, you must have a record of amounts spent when you sit down to fill out your return.

Keeping Good Records Is Not Difficult—Many people are uncertain about the kind of records they must keep to support the deductions they claim. Many are under the impression that they need a knowledge of accounting to keep records adequate for tax purposes. That is simply not so. Anyone who is willing to make a reasonable effort should be able to keep track of those ordinary, everyday expenses that may turn out to be deductible for Federal income tax purposes.

An Easy Method Of Keeping Records Is Suggested—The Internal Revenue Service has designed this record as a guide for you in recording your deductible expenditures. The columns on the inside pages are headed in the same order as the items covered are listed on the tax return Form 1040. (Separate columns are provided for medicines and drugs and for other medical and dental expenses because of the separate percentage factors involved.) In the

event the space provided is not sufficient, simply use additional blank sheets of paper.

A Word Of Warning—Not all of your expenditures which fall under the categories listed herein are deductible for Federal income tax purposes. For example, gifts to relatives and friends, social clubs, political organizations, and certain others are not deductible as charitable contributions; under the heading of taxes, only certain taxes of a purely local or state character are deductible; "child care" expenses are deductible only under certain special circumstances; and so on. On the other hand, a portion of carrying charges on installment purchases may be deducted as "interest" under certain circumstances. You should be sure to refer to the official instructions that accompany Form 1040, or to some other authoritative source, before listing these deductions on your return.

One More Thing—A record of this type alone may not be enough to prove your right to the deductions taken in the event you are called on to do so at some later date. You should also keep on hand those cancelled checks, receipted bills, and other such papers which will support this record. An ordinary folder or an expanding envelope is ideal for this purpose.

You Will Find Your Time Well Spent—Remember, you will probably find, when you are ready to fill out your next Federal income tax return, that the little time necessary to keep this systematic record was well spent.

page 2 . . .

| DEDUCTIBLE CONTRIBUTIONS | | | DEDUCTIBLE INTEREST | | | STATE AND LOCAL TAXES | | |
|--------------------------|----------------------|--------|---------------------|--------------|--------|-----------------------|-------------|--------|
| DATE | NAME OF ORGANIZATION | AMOUNT | DATE | TO WHOM PAID | AMOUNT | DATE | TYPE OF TAX | AMOUNT |
| | | \$ | | | \$ | | | \$ |
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page 3 . . .

| MEDICAL AND DENTAL EXPENSES | | | COST OF MEDICINES AND DRUGS | | | "CHILD CARE" EXPENSE OF WORKING WOMEN AND WIDOWERS | | |
|-----------------------------|--------------|--------|-----------------------------|------|--------|----------------------------------------------------|--------------|--------|
| DATE | TO WHOM PAID | AMOUNT | DATE | KIND | AMOUNT | DATE | TO WHOM PAID | AMOUNT |
| | | \$ | | | \$ | | | \$ |
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page 4 . . .

| LOSSES FROM FIRE, STORM, OR OTHER CASUALTY, OR THEFT | | | MISCELLANEOUS OTHER DEDUCTIBLE ITEMS | | |
|------------------------------------------------------|-------------|--------|--------------------------------------|-------------|--------|
| DATE | EXPLANATION | AMOUNT | DATE | EXPLANATION | AMOUNT |
| | | \$ | | | \$ |
| | | | | | |
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| TOTALS | | \$ | | | \$ |

NOTE Read the instructions for Form 1040 before entering these amounts on your return.

HOW NOT TO RUN A FAMILY DOLLAR MEETING

A FAMILY DOLLAR spending and saving program, to be successful, must have the cooperation of every member of the family. Therefore it must impress everyone as fair. Family teamwork and family agreement, without which such a plan is not possible, can best be achieved through family conferences—Family Dollar Meetings. Here are a few rules to follow if you want to get absolutely *nowhere* with your meetings!

by Dick Ericson

Or you can gather 'round and let everyone blame everyone else for the family money troubles



Let one person boss the whole show—it's *his* idea how the family income should be spent and **WILL BE SPENT**, by George!

Then you can have someone explain how the Joneses are "living it up" and demand to know why your family can't do likewise





It helps get nowhere, too, to criticize how each member of the family spends his personal allowance



Never, never consider that conditions change. If grandma could feed a family of 12 on \$10 a week, demand to know why mama can't

Don't allow members of the family to decide on their personal economies—decide for them!



And if you want to go crazy while getting nowhere, try to account for and allocate to the penny every single family dollar





THERE ARE TWO WAYS TO KEEP YOUR HOME IN REPAIR

Are you handy with tools? Have you plenty of spare time? Then maybe you can repair your home at minimum expense. Otherwise you'll need professional help, which costs more money.

In either case, delay only *increases* the expense. The best way to protect both house and pocketbook is to get needed work done promptly; finance the job with a low-cost bank loan, repayable in moderate monthly instalments.

We make such loans for repair jobs big or little—also for remodeling, painting and decorating, the purchase and installation of heating equipment, and whatever else will contribute to your family's comfort and convenience.

Decide which improvement is most essential, find out the cost; then arrange your financing here. It's quick . . . simple . . . economical!

(This is A. B. A. ad FD-19)

